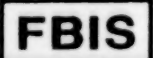


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Latin America Report



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22 AUGUST 1986

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INTER-AMERICAN AFFAIRS

CHILE-ARGENTINA INTEGRATION CENTRAL TOPIC ON CES AGENDA

Santiago EL MERCURIO in Spanish 15 Jul 86 p C5

[Text] The Chilean school system and, in particular, the municipalization of education, personnel training policies in enterprises, and the process of physical integration and economic cooperation with Argentina will be the main topics that the Economic and Social Council (CES) will take up during its new session, which begins today.

In the area of schooling, a representative from the Education Ministry will speak at the opening meeting on transferring the administration of public primary and secondary schools to the municipalities. Later, the rector of the Catholic University of Chile, Juan de Dios Vial, will give the CES plenary session a comprehensive overview of higher education in Chile.

As far as training is concerned, during this session all members of the CES, through their sector committees, are preparing a preliminary response to the questions that the chief executive posed on this topic last January.

The analysis of this topic will be completed at tomorrow's meeting with speeches by the minister of labor and social security, Alfonso Marquez de la Plata, who will report on the training policies that his ministry is promoting; the executive director of the National Training and Employment Service, Ricardo Hepp, who will report on his agency's efforts in this regard; and adviser Dario Vial, the president of the National Chamber of Commerce, who will discuss "training inside the enterprise."

During the closing session on Thursday the 17th there will be a working meeting on physical integration and economic cooperation with Argentina. Brigadier Ernesto Videla, who is officially in charge of these negotiations with Argentina, will be in attendance. The aim of the meeting is to provide an overview of the evolution of these negotiations and of the studies conducted to define our country's position vis-a-vis the Chilean-Argentine Bilateral Commission.

Of special importance will be the attendance of CES advisers at the meeting. Since they represent the country's various sectors and regions, they will report to the council on the variety of effects and obstacles that are being encountered on those levels in connection with the integration process.

At 1730 hours tomorrow, 10 cabinet ministers will attend working meetings with the council's various sector commissions, adhering to the agenda that the chief executive has set so as to streamline the provision of CES advisory services to the Executive Branch.

BRAZIL

SARNEY NOT CONSIDERING FURTHER CHANGES IN MINISTERIAL TEAM

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 29 Jun 86 p 3

[Text] Promoting new and widespread change in the ministry does not seem to be in the plans of President Jose Sarney. In this respect his views differ from those of Tancredo Neves who made no secret of his long term strategy, which included three distinct teams. The first, which he named; the second which would be a result of the incompatibility of the November elections; and the third, possibly the finalized one, created by the results of the next elections. Sarney kept the ministry named by the president-elect. In January he promoted reform on the part of the exit of the ministry candidates, but, at least until now, he has not considered any profound changes in his first level aides, despite electoral surprises. He does not hang success or failure over their heads despite the dispute at year end. In other words, he does not intend to give carte blanche to those belonging to groups politically defeated by chance at the state level or in the national plan.

"Ministers are always ministers; this is obvious; they can be fired 'ad nutum', dispensable for efficiency, for matters of meshing, or even for political motives." This much was said by Nelson Ribeiro, confirmed in January and until recently in charge of agrarian reform. He was exonerated for deep rooted differences in the treatment of materials.

Forming a new team is not in the plans of the president. Neither is releasing Raphael de Almeida Magalhaes of the PMDB, in the event that Leonel Brizola of PDT defeats him in Rio de Janeiro. Nor releasing Antonio Carlos Magalhaes if Waldir Pires is victorious in Bahia, or Roberto Santos if he is defeated by Josaphat Marinho. Even less likely to be released are Paulo Brossard, if Pedro Simon becomes the governor of Rio Grande do Sul, Aluizio Alves if he is unsuccessful in his bid, and Aureliano Chaves despite the defeat of the Liberal Front in Minas. And so forth.

Efficiency and competence are the fundamental criteria for one to continue being a minister, as well as gearing up, even though they have not completely removed the partisan representation that generically is not compromised by electoral defeats.

These directives, commented on by Sarney when provoked, are far from signifying that the ministers are estatic or that they will be transformed into closed

condominiums or feudal lords of their respective posts. What is not part of his strategy is to do what Tancredo Neves said he would do: namely to settle on at least three different teams over time. Their styles are different. The current president prefers to adapt to circumstances rather than to behave in a prolonged programmed function. It is obvious that one of his goals is that of gearing up. Today there will be ministers much more likely to cease being ministers than others, despite the length of time it will take for one of them to be released.

Differences of opinion are a reality for the president since once taken, decisions are religiously followed by the group as a whole. There is no better example than that of Dilson Funaro, today crowned as the all powerful inspiration behind the economic package. It is not true. He was one of those who resisted the profound change established by the Cruzado Plano. He conceded at last, but was so engrossed in the infantile suggestions of Joao Sayad that the lasting impression of the country was completely different.

Sources indicate that Antonio Carlos Magalhaes and Renato Archer are at the breaking point. The minister of communications said Friday that his colleague suffers from the influence of radical groups when he maintained the inflexibility of policies of market reserve, as decreed by law. Nevertheless, neither of them will cease to be a minister. The ex-governor of Bahia has enough sense to recognize that while the law prevails, politics are the same thing. Magalhaes involved himself days ago in a barbed exchange with the minister of justice because of criticism made about the poor state of public safety in Bahia; but the incident blew over and was absorbed by the Presidential Palace, after Bossard said that kind of exchange should be resolved by the president in the privacy of his cabinet.

Every now and then Minister of Labor Almir Pazzianotto desires to invade the turf of Dilson Funaro, and he enjoys ridiculing and questioning certain proposed measures in the economic field reflecting on the social sphere. Aureliano Chavez, in his peculiar style, reacts to profit-making incursions in the sector of mines and energy; for example his creation of a states holding company. He has asked Sarney to guarantee his space without the noose becoming completely tight. The minister of science and technology is at odds with Itamaraty. The minister of industry and commerce often tries to free himself from the yoke of the Ministry of Farms. Ronaldo Costa Couto, of the Ministry of the Interior, swallows toads the size of the Ministry of Irrigation with the goal of increasing the base of his stability. Dante de Oliveira, recently appointed to agrarian reform, closes his eyes every time he hears of the existence of some report of the SNI referring to attributions he thought were private. Even Marco Maciel is concerned with the origins of some leaks from his ministry appearing in the published media but outside the area of his administrative duties.

All of this is normal for President Sarney. He even smiles when the list of internal discord is told him. "If that were all..." he says slyly, demonstrating more than ever that to govern is to administer conflict; even internal conflict. It is not really in his plans to take advantage of the end of one political chapter and the beginning of another to free himself of firings.

He knows that these are inherent to all forms of human activity. If he were to promote change within the ministry it would be to assist the new and possibly biggest differences among his aides. What he does not remove is the possibility of sectoral change. "Remember Nelson Ribeiro" has been one of the most heard phrases in the Presidential Palace during the last few days.

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BRAZIL

SARNEY APPROVES CREATION OF HELICOPTER INDUSTRY

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 29 Jun 86 p 4

[Text] Brigadier General Octavio Moreira Lima, minister of aeronautics, yesterday told O ESTADO that President Sarney had approved the creation of a helicopter industry which, thanks to the support of the industrial technological complex within the state of Sao Paulo, would be created here. The helicopter project will be financed in equal thirds by private industry, the federal government, and a group of foreign investors who guarantee the absorption of technology in the project.

Moreira Lima added that there are two groups interested in participating in the project. They are Avibras and Engesa. The proposals will be evaluated with the objective of guaranteeing that the country gets an established enterprise able to guarantee technical competence and reduction in costs for the domestic market while offering a competitive result in the foreign market.

According to the minister, Embraer is not interested in producing helicopters. They will maintain their product line of airplanes which has guaranteed them technological and industrial levels compatible with the national needs as well as credibility in the international market and the ability to meet the special needs of the Brazilian Air Force.

The minister remembered that traditional helicopter producing companies in the United States and Europe do not produce airplanes. He said that some of them, including Sikorsy, Bell, and Aerospatiale have expressed their interest in participating in the Brazilian project.

The minister recalled that the Helibras project in Minas Gerais was not as successful as planned. The enterprise limited itself to the assembly of Aerospatiale helicopters without guaranteeing the absorption of technology, which would have required heavy investments which were not made. At the International Air Show held recently in Santiago, representatives of the French firm admitted the Helibras project was not too successful.

Moreira Lima said he was not officially aware of the interest of Rio de Janeiro Mayor Saturnino Braga of installing a helicopter plant in Rio, with the support of the Army's technological center. He did say, however, that if companies in Rio were to present proposals with the goal of participating in the project, they would be duly considered.

The minister said that the study approved by President Sarney was drafted with the help of the ministers of the Navy, the Army, Aeronautics, Mines and Energy, Industry and Commerce, and of the Joint Chiefs of Staff. He stressed that the industry will not be created for the exclusive use of the Armed Forces, but rather would be used as well by civilian groups such as Petrobras, which needs equipment for work on its platforms, as well as other sectors, including the international marketplace in Latin America, the Middle East and other regions.

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BRAZIL

GUIMARAES' PRESIDENTIAL SUCCESSION ASPIRATIONS DISCUSSED

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 10 Jul 86 p 4

[Article by Carlos Chagas]

[Text] In Buenos Aires, from which he plans to return tomorrow, Deputy Ulysses Guimaraes rejected the new appeal made by his comrades in the PMDB of Sao Paulo to consider replacing Orestes Quercia as a candidate for the Bandeirantes Palace post. He did not agree, and more than that, he did not even want to hear of the matter, and he asked his interlocutors not to suggest his candidacy to him again.

The important thing in the telephone conversation between Sao Paulo and Buenos Aires yesterday was not the resulting peroration by Guimaraes in favor of an energetic effort to elect Orestes Quercia. He has been talking this way for a month. The information provided by the president of the PMDB about his own future was of greater importance. He says he has already been looking toward the presidency of the National Constituent Assembly, and furthermore, that in order to follow in the footsteps of Prudente de Moraes, there is no need for him to wait longer. The translation is, since Prudente de Moraes of Sao Paulo presided at the 1891 National Constituent Assembly, and after the terms of office of the two marshals were over, was elected president of the republic by a direct vote of the electorate, that Ulysses Guimaraes will run as a candidate to succeed Jose Sarney.

This was the first time he had said he would continue in the race, after treading the toilsome path which has been his lot. Since 1973 he has been the natural candidate of the complex of forces he heads, now in the majority, even though he yielded his position to Tancredo Neves in 1984, when this prospect became a reality.

The parliamentarian from Sao Paulo regards the period of illness which wore him down some weeks back as in the past, and he pays no attention to the so-called "Tancredo syndrome" of which there has been so much talk. He will be 70 years old in October, and with the next presidential election to be held in 1988 or 1989, he believes he is in a position to seek leadership of the government. He commands the largest national party, that to which the current president belongs. He believes that the PMDB will emerge from the November elections even stronger, and he sees no reason he should retreat or

abdicate his right to seek office in the Planalto Palace. He supports the Sarney government in kind, number and degree, as is reflected in the successive texts produced by the PMDB throughout the recent years to analyze the major national problems.

"The future belongs to God," he emphasizes, maintaining an attitude of caution very pleasing to the politicians who were members of the PSD. However, with things going as they are, he believes that his position is favorable and he will not stand down from the level he has reached as a function of the PMDB struggles over a period of almost 2 decades.

It is worth reiterating that this is the first time since his illness that the president of the Chamber has set forth a definite itinerary and plan of action. He will be president of the National Constituent Assembly, because he has the foreseeable support of the future parliamentary benches. And he is also likely to be the presidential candidate of the PMDB, if unforeseen circumstances or obstacles do not arise.

Nothing happens in politics without cost or by accident, and if Ulysses Guimaraes sees fit to send this kind of a message to his colleagues, there must be a reason. He is resuming his full duties in the presidency of the party and the Chamber, and he is scheduled to start a tour of all the states, with special priority for Sao Paulo, beginning next week. His plans call for visiting five capital cities every month until 15 November. He plans to speak from as many rostrums as he can in defense of the PMDB candidates for posts in the state governments and the new congress. This having been done, and an unchallenged majority having been won, he will turn his attention to the National Constituent Assembly. If he can, he will get an amendment he has authored approved. It would suspend the normal work of the Chamber and the Senate while the National Constituent Assembly is in session. Given such a hypothesis, he would continue as vice president of the republic in fact. He would emerge from the presidency of the Constituent Assembly as a candidate seeking national endorsement for the presidency of the republic. If possible, with the Democratic Alliance being maintained, and with a politician of the Liberal Front Party, preferably from the Northeast (possibly Minister Marco Maciel) as his running mate.

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BRAZIL

STUDY PROJECTS RISE IN GDP, EMPLOYMENT IN 1986

Rio de Janeiro O GLOBO in Portuguese 6 Jul 86 p 38

[Text] Brasilia--The increase of 6 percent in the gross domestic product expected for this year as a result of an increase in overall consumption of about 6 percent will make it possible to create 1.3 million new jobs by December, according to estimates made by the Planning Institute (IPLAN), an advisory body to the Ministry of Planning. This is the forecast set forth in a document entitled "Bases for the 1986 Goal Plan," which sets forth the goals set by the government of the New Republic expected to be approved by President Jose Sarney this month.

The document stresses that unlike what happened in 1984 and 1985, consumption will become the motive force for economic growth. The acceleration of productive activities, in the assessment of the Planning Institute, will be basically sustained by private investment. However, the document sets forth one reservation. With the problem of inflation resolved thanks to the Cruzado Plan, which made the resumption of investments impossible, the balancing of the foreign debt has now become urgent.

"Only the overcoming of these two obstacles can make medium and long-term growth viable," the document says. Where the foreign debt is concerned, the IPLAN stresses the need to reduce the dispatch of dollars abroad (foreign transfers) through the reduction of international interest rates and the surtaxes and commissions collected by creditors.

"Brazil needs to negotiate the reestablishment of the flow of loans from the international Eurocurrency market, because a number of long-term projects in the private sector depend on the resumption of the normal flow of spontaneous loans to the country," the document says.

The campaign to reduce the public deficit, according to the study, is an always present factor, but it should not compromise growth. The Planning Institute projects [?a] growth of 3.5 percent for this year.

Employment

The document drafted by the Ministry of Planning indicates that employment will be up 2.4 percent in 1986 as compared to last year. This means that

there will be 1.3 million new jobs this year, a figure lower than the 1.4 million initially estimated.

If the 6 percent annual rate of growth in the gross domestic product is maintained, the study says, the Brazilian economy will see enough growth to guarantee full employment for all the Brazilians who join the labor market every year.

"However, in order for the gross domestic product to expand at the rate of 6 percent per year, the labor market will have to show the same dynamism as in the past 2 years, despite the fact that the present expansion must be related to new investments and not to the use of preexisting idle capacity, as has occurred in the recent past. This is the case in particular with some processing industry branches, such as paper, cardboard and textiles."

A reduction in unemployment and underemployment is expected, following the trend noted in 1985, in the metropolitan areas researched by the Brazilian Institute of Geography and Statistics (IBGE).

Throughout the country, the document says, unemployment and underemployment should affect about 8.2 million individuals in 1986, after reaching 10.3 million in 1983, when the economic crisis was most acute.

The strategy of the government for achieving this goal beginning this year will be to guarantee increased employment, to stimulate investments in areas which use larger manpower contingents, such as textiles, footwear and food, taking advantage of the greater demand for the goods produced by these industries.

Overall consumption in 1986 is estimated by the Planning Institute at 2,677,000,000,000 cruzeiros, representing an increase of 6 percent over the total of 2,525,000,000,000 reported in 1985.

This consumption, in the assessment of the Planning Institute, reflects the increase in real wages (higher than the rate of inflation), which promises to raise the gross domestic product per capita (for each inhabitant of the country) by 2.9 percent, with an increase in income from the 23,700 cruzeiros earned in 1985 to 24,400 cruzeiros.

Agriculture

As a result of the increase in consumption which began in 1985 and the increase in investments seen this year, the Planning Institute expects an expansion of 6 percent in the gross domestic product this year, sustained in practice by industrial activity, expected to increase 10.4 percent. This information is contained in the document "Bases for the 1986 Goal Plan" drafted by the institute.

The development of the economy will [?not be even better], according to the institute, only because the decline in the farm harvest has compromised grain production, resulting in a decline of 7 percent in that activity. The gross domestic product for the farm sector, which includes animals and animal by-

products, will show a decline of 3.7 percent this year, since these other activities will show an increase of 1.5 percent.

The service sector, which measures the activity in trade, transportation and communications, financial intermediaries (banks and related institutions) and services provided by the government, will show an increase of 5 percent, despite the fact that the adjustment by financial institutions required by the Cruzado Plan will cause a decline of 5 percent in their activities this year.

The financial sector showed the greatest growth (in the service category) last year, following communications, as a result of the high rate of inflation which allowed substantial profits.

So-called "secondary" activities, which include the ore extraction industry, ranked ahead of civil construction, the document says.

The civil construction sector, according to the IPLAN data, ranked as the second largest private investor this year, with a rate of growth of 12.5 percent, only surpassed by investments in machinery and equipment, with 14 percent.

The increase in real wages and the drop in domestic interest rates and inflation, apart from the foreign situation favoring exports, are the economic components which contributed to economic recovery, in a way which surprised the government itself.

Oil Imports and Trade Balance

The scenario pointing toward a rather satisfactory development in foreign sector accounts, according to Ministry of Planning estimates, is set forth in the "Bases for the 1986 Goal Plan."

Exports will be up 4.5 percent, and oil imports will be reduced by 10 percent in the imports of capital goods needed for domestic investments, without threatening the trade balance.

In all, Brazil will export goods worth \$26.8 billion, with imports of \$13.3 billion this year, yielding a trade balance of \$13.5 billion. This sum will cover the payment of \$9.2 billion for services, leaving a positive balance for current transactions of \$1.2 billion, including \$100 million in unilateral transfers.

Taking all capital movements in the form of investments, financing and amortization into account, the Ministry of Planning expects a net foreign exchange income of \$675 million, which will allow the balance of payments (trade balance less the service account and unilateral transfers) to show a surplus at the end of this year of \$1.883 billion, as compared to only \$14 million in 1985.

Within this context, according to the IPLAN estimates, the foreign debt will reach \$100.2 billion, taking short and long-term debts into account.

With the surplus in the balance of payments, the government will be able to increase its international reserves (dollars on-hand at the Central Bank), for any future need, or to increase expenditures on the imports required for industrial growth.

If the government prefers to increase international reserves, they will come close to \$10 billion, since the figure reached \$8 billion in 1985. However, this choice would mean pressure on currency issues, because the dollars coming into the country are converted.

On the international scene, the IPLAN foresees economic growth of 2 percent, an inflation of 3.5 percent for the United States, 3 percent growth for the Eastern European countries, 4 percent on an average for Brazil's nontraditional partners, and expansion of 4 percent for world trade.

Estimates for This Year

Sectors and Subsectors	1985 Estimates	1986 Estimates
Primary sector	8.8	-3.7
Crop raising	13.6	-7.0
Animals and animal products	1.3	1.5
Secondary sector	9.0	10.4
Ore extraction	11.5	10.0
Processing	8.3	10.0
Civil construction	11.3	12.5
Public utilities service industry	10.2	10.0
Service sector	7.7	5.0
Trade	8.7	9.6
Transportation	4.6	6.0
Communications	16.9	15.0
Financial Intermediaries	10.0	5.0
Government	2.4	2.0
Real product	8.3	6.0

Source: Getulio Vargas Foundation--1985 figures.
Drafted by the SPB/CPG/IPLAN, 8 May 1986.

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BRAZIL

TOTAL STRIKES SINCE IMPLEMENTATION OF PACKAGE NUMBER 245

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 9 Jul 86 p 28

[Text] A survey made by the Secretariat of Labor Relations at the Ministry of Labor shows that in the month of May, there were 115 strikes in the country, 38 percent more than in April, when there were 83. The numbers of workers on strike, however, was 521,367 in May, lower than the April, figure of 1,773,374, although the strikes lasted longer.

Strikes this year affected 302 establishments in May, a number much larger than the 76 reported for the same period last year. In April of this year, 610 enterprises were affected by strikes. According to the figures of the Secretariat of Labor Relations, difficulties ceased to affect sectors of the economy as a whole, and began to occur in isolated enterprises.

Since the Cruzado Plan was put into effect from March to May, 245 strikes have occurred in the country. Secretariat of Labor Relations figures show 287 strikes in the period from January to May 1985.

Sao Paulo was the state which had the most strikes in May, with 43 as compared to 32 in April, an increase of 34 percent. The number of strikes in Rio de Janeiro fell from 14 in April to 12 in May. In Sao Paulo, the largest number of strikes occurred in industry--33.

The government is not as yet planning to intervene in the trade unions heading strike movements, basing its hopes for a return to work on the good sense of the workers, particularly in the case of the port workers, against whose action PORTOBRAS filed a claim of illegality. An analysis by government sectors identified the Confederation of Workers (CUT) as the union mainly responsible for the outbreak of strikes throughout the country. Even in these sectors, however, it is expected that the number of strikes will drop off in July.

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BRAZIL

UNEMPLOYMENT DECLINES TO 4.1 PERCENT IN MAY

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 4 Jul 86 p 25

[Text] IBGE yesterday released the average unemployment figures for the month of May in Rio de Janeiro. The figure was 4.1 percent. The figures of the Monthly Employment Research Service (PME) show there was almost no change from the April figures of 4.2 percent. When compared to the figures for May 1985 (5.9 percent), the figures show a drop in unemployment of 30.5 percent, with lower results in all polled areas.

The standouts for May can be attributed to the 12 percent decrease in the unemployment rate in the Porto Alegre metropolitan area and the increase of 13.5 percent in the index in the metropolitan area of Rio de Janeiro.

The only sector to show an increase in the unemployment rate was that of commerce, which went from 4.5 percent in April to 4.9 percent in May.

The percentage of employees with work papers assigned in relation to the number of persons employed was 3.6 percent higher than May 1985, which contributes to the higher figures this year. Sao Paulo was the metropolitan region with the highest number of workers with papers (61.9 percent), showing an increase of 4.4 percent. Only Recife (6.7 percent) and Belo Horizonte (5.2 percent) had higher increases. The proportion of employed persons not receiving income or those earning below the minimum wage, compared to those economically active, fell from April to May in all the polled metropolitan areas, by an average of 14.4 percent.

Unemployment Rate For Persons 15 Years Old Or Older

Metropolitan Regions	Degree of Change	Civil Con- struction	Commerce	Services
	Apr/May	Apr/May	Apr/May	Apr/May
Recife	5.9/6.4	6.7/6.2	4.7/4.5	3.4/2.9
Salvador	5.2/6.8	7.7/8.2	5.7/4.3	3.3/3.2
Belo Horizonte	3.6/3.8	5.2/5.9	4.6/4.2	3.0/3.4
Rio	4.1/5.0	4.2/4.4	4.5/5.5	2.6/3.0
Sao Paulo	4.2/3.5	3.4/3.2	3.9/4.8	3.3/3.1
Porto Alegre	4.8/4.3	5.2/3.9	6.7/4.4	3.8/3.7
Average Rate	4.3/4.1	4.5/4.5	4.5/4.9	3.1/3.1

12402/8918
CSO: 3342/149

BRAZIL

CFP PROJECTS 10 PERCENT DROP IN AGRICULTURAL PRODUCTION

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 3 Jul 86 p 34

[Text] Agricultural production in the country will decrease 10 percent over the last year, with totals of 58.21 million tons in 1984/85 compared to totals of 52.4 million tons in 1985/86. The biggest surprise announced by the Production Financing Company (CFP) is that the production of wheat has increased from 7 to 14 percent over the record figure of the previous year. The figures have increased from 4.324 million tons to between 4.6 and 4.9 million tons. The increase is due in part to the increase in planted area, which could vary between 32 and 41 percent. There will not be a bigger increase because the production in the last period was considered exceptional and the first evaluation made by CFP for the current period shows a decrease of 19 percent in production. If the prior production is repeated, Brazil will come very close to self-sufficiency in wheat production.

Rice production has increased by 10 percent over the 1984/85 figures, which were 8.7 million tons. The projected production of 9.6 million tons for the current agricultural year are concentrated in the state of Maranhao, which accounts for 70 percent of the production. CFP officials point out that production in the states of Piaui and Mato Grosso is exemplary in that they have increased production by 62 and 41 percent respectively. Rice production has shown a decrease of 6 percent in relation to production last year.

Beans should show a production level of 2.2 million tons, 13 percent lower than last year. The bright spots are in the north-northeast region, where the states of Alagoas and Sergipe show an increase in production of 119 and 154 percent respectively.

Corn production is down 7 percent. Maranhao, Piaui and the Federal District had the largest increases in the production of corn, showing increases of 145, 102, and 125 percent over last years figures.

Soy was planted in 5 percent less area, specifically in the states of Rio Grande do Sul and Goias, and showed a decrease of 26 percent over last year's figures. Production was down 22 percent.

The states showing the largest reductions in the production of soya are Parana (43 percent less), Rio Grande do Sul (36 percent less), and Mato Grosso do Sul

(26 percent less). The south-central region showed a decrease in production of 27 percent and the north and northeast regions showed an increase of 68 percent. Cotton production should show a decrease of 30 percent over last year. Feather cotton production fell from 960,000 tons to 757,000 tons (a decrease of 21 percent).

Wheat production estimates vary between 4.6 and 4.9 million tons, representing an increase between 7 and 14 percent. The main reason for the increase is the increase in land planted with wheat, which varies between 32 and 42 percent. This increase can be attributed to the states in the southern and central western regions as well as Minas Gerais. For calculating these figures, CFP officials used the average production figure of the last few years, which is 1.340 kg/hectare, which is about 19 percent below the exceptional production achieved last year (1.654 kg/hectare). These figures were used because only the state of Parana has figures available for the current year. If last year's production could be repeated, the country could produce 5.5 million tons, falling only 500,000 tons short of the predicted consumption of 6 million tons.

Brazilian Production of Cereals and Vegetable Oils Figures

Products	84/85 (1)	85/86 May (2)	%	85/86 Jun (3)	% (3/1)	% (3/2)
Cereals						
Rice	8759.8	9386.4	7	9665.8	10	8
Oats	170.4	130.2	-24	130.2	-24	--
Oats	12.3	7.3	-41	7.3	-41	--
Barley	164.2	183.7	12	183.7	12	--
Beans Total	2533.8	2100.0	-17	2205.2	-13	5
Beans 1	1256.6	692.4	-45	692.4	-45	--
Beans 2	1277.2	1407.6	10	1512.8	18	7
Corn	21173.9	18956.0	-10	19736.4	-7	4
Sorgum	305.8	351.3	15	384.4	26	9
Wheat	4324.3	4494.2	4	4777.3	10	6
Subtotal	37444.5	35609.1	-5	37090.3	1	6
Vegetable Oils						
Peanuts Total	328.8	217.4	-34	217.1	-34	--
Peanuts 1	254.4	157.4	-38	157.4	-38	--
Peanuts 2	74.4	60.2	-19	59.7	-20	--
Castor Oil Plant	393.0	288.3	-27	258.2	-34	-10
Soya	18211.5	13192.8	-28	13443.3	-26	2
Cotton	1832.7	1288.4	-30	1400.0	-24	9
Subtotal	20766.0	14986.9	-28	15318.6	-26	9
Total	58210.5	50596.0	-13	52408.9	-10	4

12402/8918

CSO: 3342/149

BRAZIL

BRIEFS

OIL DISCOVERY IN CAMPOS--The Campos Basin on the coast of the state of Rio de Janeiro is continuing to yield good results 12 years after the first oil field was discovered. PETROBRAS discovered a new oil field 3.5 kilometers to the northeast of the Corvina field and 83 kilometers from Cabo de Sao Tome. The company's superintendent of exploration, Milton Romeu Franke, explained that the new field is of medium size, with an area of 8 square kilometers, and has reserves estimated at 44 million barrels of oil. Romeu Franke explained that Well 1-RJS-345, because it is located at a depth of 278 meters, may go into production shortly, with the installation of a float system. The well test showed a rate of flow of 2,200 barrels of oil per day at 29 degrees API, in other words, of good quality. The Campos Basin, which is the largest oil-producing region in the country, contains 25 operational fields, as well as innumerable other deposits of oil still being assessed. The Campos reserves come to 1.2 billion barrels of oil, not counting the two gigantic Marlin and Albacora deep-water fields, which together contain more than 3 billion barrels of oil. [Text] [Rio de Janeiro O GLOBO in Portuguese 5 Jul 86 p 20] 5157

TRADE TALKS WITH HUNGARY--The use of Bank of Brazil and Hungarian Foreign Trade Bank credit lines and the reactivation of the economic agreement signed by the two countries in March of 1982 were the main subjects taken up at the 8th Meeting of the Mixed Brazilian-Hungarian Commission in Budapest. The head of the CACEX director's advisory office, Marcos Ribas, who represented Brazil at the meeting, said that the main subject of discussion was ways to reduce the disparity in the bilateral trade balance, which at present favors Brazil heavily. Last year, Brazil exported goods worth \$124 million to Hungary, while importing goods worth only \$17.2 million from that country, yielding a balance of \$107.8 million. Ribas further explained that the Hungarians want to sell industrial products to Brazil, as set forth in 1982 economic agreement. That document provided that from 1980 to 1985, Brazil would export goods worth \$400 million and would import goods worth \$145 million. [Text] [Rio de Janeiro O GLOBO in Portuguese 5 Jul 86 p 17] 5157

CS0:3342/155

SILVA CIMMA OPTIMISTIC ARMED FORCES DISPOSED TO DIALOGUE

Santiago ANALISIS in Spanish 1-7 Jul 86 p 52

[Interview with Enrique Silva Cimma by Jose Carrasco; date and place not given]

[Text] [Question] Mr Silva, you have become one of the most powerful men in the opposition in this country, holding so many presidencies. President of the Radical Party, president of the AD [Democratic Alliance], vice president of the Socialist International...

[Answer] I take it all very modesty, very humbly and with the conviction that these things at a given point entail a very heavy sacrifice that must be made to achieve what we view as fundamental: an end to the dictatorship and the prompt advent of democracy.

[Question] In particular, as president of the Radical Party and of the AD, do you think there is hope for an opposition accord?

[Answer] The AD is, of course, in itself a very important political symbol because it brings together seven genuinely and authentically democratic Chilean parties, in the Western sense of democracy. Moreover, if to this we add the fact that these seven parties are part of the National Accord for the Transition to Democracy, which spans a somewhat broader range and comprises other democratic forces that do not belong to the AD, then this naturally implies an even somewhat broader concept of what you call unity.

[Question] I was talking about agreements with the MDP [Popular Democratic Movement], because at this moment the AD and the MDP seem to be the strongest social forces in the opposition.

[Answer] I do not have the slightest doubt that it is perfectly possible to seek an agreement between these two major political forces: at the level of the social mobilization. The proof is that our two groups are working together on what has been called peaceful social mobilization and civil disobedience, where we have been on complete common ground. Our disagreements have to do with the choice of tactics other than peaceful social mobilization.

[Question] And what about a political solution? Because the impression is that the opposition has not fully displayed its capacity for mobilization owing to the absence of a political accord.

[Answer] It is a fallacy to say that unity does not exist in Chile right now. The proof is that we are all acting around the Civic Assembly and that we have acknowledged the paramount importance of both the Civic Assembly and "Chile Demands."

Furthermore, the overwhelming majority of Chileans are aware of the need to return to democracy at once. Now then, I do agree with you that this broad spectrum of social mobilization, in which there is unity, must be supported by political common ground. This is what the AD's most recent declaration aims at, and the MDP has obviously embraced it by stating that it largely agrees with what the AD indicated.

[Question] Now then, concerning a more immediate matter, the work stoppage next Wednesday and Thursday, how do you visualize it and what importance do you attach to it?

[Answer] We see the work stoppage as deliberate inaction without the slightest desire for violence. It is simply a warning to the regime: Gentlemen, all Chile is demanding elections now; all Chile is demanding democracy now, which is nothing other than the unfettered action of political parties and freedom of the press in its broadest sense; the people have a legitimate right to decide their destiny by electing representatives, as in any Western democracy.

I am talking about a work stoppage that represents a warning. It could be quite massive. I think that it will surely make the Armed Forces realize that the Chilean people are truly united and demanding democracy and that this entire social mobilization will have to end somewhere, which will be a political solution for Chile.

[Question] People are wondering: After the work stoppage, what?

[Answer] After the work stoppage will come precisely what I just said. The need for negotiations to seek a political solution for Chile. We do not want a military solution; we do not want an armed solution; we do not want a violent solution. We want a peaceful solution.

[Question] Do you mean a negotiated solution?

[Answer] Exactly.

[Question] But just as it takes two to tango, it takes two sides to negotiate...

[Answer] Of course, so far there have been no indications to suggest that the Executive Branch, that the government wants to negotiate, because we have all been saying that the government does not want democracy. But the government has an underpinning: the Armed Forces. The Armed Forces have to take into

account that the entire nation is in unanimous agreement on the desire to move peacefully towards democracy.

[Question] In other words, the hope is that the Armed Forces will heed this appeal.

[Answer] I would say that we are convinced, more than just hopeful, that this is the way it must be.

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CSO: 3348/698

CHILE

RADICAL PARTY PROTESTS CIMMA'S PROPOSAL

Santiago EL MERCURIO in Spanish 15 Jul 86 p C3

[Text] The National Executive Council of the Radical Party (PR) issued a statement last Saturday in which it expresses disagreement with the remarks by the party's president, Enrique Silva Cimma, who is also president of the Democratic Alliance.

This was reported yesterday by the vice president of the PR, Luis Fernando Luengo, who disclosed the contents of a declaration that was, he said, approved "unanimously" in the wake of Silva Cimma's statements. Silva Cimma said last Friday that he was willing to talk with President Pinochet if he were given the necessary guarantees.

In view of this published remark, Luengo indicated that the National Executive Council of the PR examined the situation at its meeting last Saturday and passed a declaration confirming the one at the party's most recent convention and its democratic principles.

"We resolved," Luengo indicated, "to categorically reject any plan that involves prescriptions for change under the prevailing authoritarian system, as well as any sort of blueprint that entails a restricted concept of democracy, a position that Pinochet has confirmed in his recent statements."

He noted that consequently the council rejected the idea of a meeting with the chief of state. The declaration indicated that "negotiations like that are possible only if they are based on the immediate measures proposed by the National Accord and on support for the agenda of the Civic Assembly, which the PR is carrying out through the peaceful social mobilization."

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CSO: 3348/702

CHILE

EXILED COMMUNIST LEADER TEITELBOIM ADVOCATES DIALOGUE

Santiago ANALISIS in Spanish 1-7 Jul 86 pp 19-21

[Interview with Chilean Communist Party leader Volodia Teitelboim by Maria Olivia Monckeberg in Moscow, date not given; first six paragraphs are introduction]

[Text] On a recent trip to the Soviet Union, along with three other Chilean journalists, I wanted to interview the secretary general of the Chilean Communist Party (PCC), Luis Corvalan, who has been living in Moscow since 1976. Exiled colleagues told me, however, that "Don Lucho" was not going to be in Moscow during my visit. I did have the opportunity, though, to talk for several hours with another of the men who "cuts some ice" in the PC: the former senator from Santiago, Volodia Teitelboim, who is also living in exile in the Soviet capital. Volodia is 70 years of age, as reported in the magazine that he runs, ARAUCARIA, and is a member of the Secretariat and of the Political Commission of the PCC. His deliberate voice is undoubtedly an important one, and what he says or does not say is considered of great interest in political and journalistic circles.

He describes his attitude towards domestic events as one of "optimism with my eyes open," based on his perspective from Moscow on what is happening in this corner of South America.

"From the outside one has the impression that Chile has changed in recent months," he remarks. "And there is also a noticeable difference in how the world press is reporting what is going on. Even in the Soviet Union, Chile is one the three hot spots in the world that are given the most coverage on television: South Africa, South Korea and Chile...They are completely different situations, but what they have in common is huge crowds in the streets struggling against their respective regimes.

"There is also the feeling that an important step has been taken for the first time in 12 years, in the sense that the opposition, which is acknowledged to represent the majority, is acting together, without a political pact, but through an understanding on a social mobilization that has been developed through the Civic Assembly.

"One major question that we Chileans are asked everywhere we go is why the opposition doesn't unite. We describe Pinochet's regime as dependent fascism. And during the Second World War powers that had totally incompatible political, social and economic systems came to terms to fight fascism. There were the meetings at Yalta and Potsdam with Roosevelt, Churchill and Stalin. This is a lesson of history that we Chileans have been slow to learn. In the face of a common enemy, we have gotten wrapped up in our own individual affairs. I think that we are now learning this lesson. Thank goodness! In this regard, 1986 is a different and better year."

[Question] And what about the regime?

[Answer] Pinochet's response has been, is and, for as long as he remains in power, always will be brutal and without any scruples whatsoever. The only limit is how long he stays in and his control over the army...What has happened over the past few months, especially the raids into the shantytowns, shows that he has not abandoned the logic of war, of a war against his own people...It is a permanent policy of his. He is also taking preventive action, because what he is trying to do is sow collective panic again, which yielded him substantial dividends for long years. Perhaps never did he send as many troops out on the streets as he did in August 1983 and in recent months. But 1986 is not 1973. People are not hiding in their houses. The experience has been too prolonged and too tense, and there have been too many victims. Increasingly large segments of society are categorically determined to reestablish freedom and democracy. The repression may be very effective, but it is an already damaged tool. There may be a lot more killing, but it will not stop the growth of the avalanche that is developing in Chile. The entire country, whether active or passive, seems to be against Pinochet, except for very small segments. And he knows it. And I think that this is one of the reasons that the commanders of the navy and the air force are proposing to amend the constitution so that the so-called 1989 plebiscite is not conducted under the terms of the 1980 Constitution, because the available polls show that the regime is extremely unpopular.

Pinochet is in the minority. And the active, combative minority that has existed in Chile has grown. Many people are taking to the streets, and I think that the Civic Assembly has given the public a major infusion of confidence...This is an important year, a positive year for the people. But it will be a very tough year. Pinochet has no solution to offer for any of the country's problems. He is completely worn out. He controls the Armed Forces, and not even the entire Armed Forces equally. For the first time indications of disagreements are visible overseas...

[Question] And how does the international factor come into play in your judgment?

[Answer] After the fall of Duvalier and Ferdinand Marcos, everyone put Pinochet on the list. He is naturally trying to get off the list. Some trust that the Americans can play a role in ousting Pinochet. Both Duvalier and Marcos were America's men...Pinochet was somewhat shocked by the vote in the UN Human Rights Commission in Geneva because for the first time the United States seemed to be abandoning him. This meant that the State Department and

the White House began having some doubts about Pinochet's ability to keep the situation under control and to stay in power. The United States does not want another Nicaragua, because it got there just after midnight when the Sandinists were already installed in power. That's why it proceeded to remove Duvalier just before midnight in Haiti, when people were already in the streets and when his fall was imminent. The same went for Marcos. Their problem is not to arrive in Chile too late. Our country is a high priority for the State Department, the White House, the Pentagon..

I think that given Chile's strategic political and economic importance to them, they would rather see Pinochet stay, but since they realize that he is in an awkward situation, they have other cards up their sleeve.

[Question] Like what?

[Answer] I think that the Americans lean towards prescriptions that they themselves develop. For example, the Haitian or the Philippine prescription. The prescription in Haiti was to replace Duvalier with a general who was always on his side. In Chile, I think that they are working with, talking with the navy and the air force and also want to make an effort to talk with army generals. Moreover, they are talking with Pinochet, because he represents a card that they have not tossed into the wastepaper basket.

But if the situation in Chile is not right for a new general who would propose a peaceful transition and call for elections in 1989, if the groundswell of Chileans who want democracy reestablished as soon as possible continues and grows, it is very possible that they will accept the Philippine prescription. They would very much like to have generals like Ponce Enrile and Ramos, who served Marcos for a long time and at the last minute turned their backs on him.

But the Chileans themselves may dictate the Chilean prescription. It may be different. It may be Chile's own national prescription, worked out by the very actors involved in the struggle.

[Question] How do you foresee such a prescription? How would you like it to be?

[Answer] We couldn't pull just any prescription out of our hat, like magic. Such prescriptions are dictated by objective conditions and by the evolution of events. Right now in Chile there is a trend towards civil disobedience and making the country ungovernable for the dictatorship, a trend represented by the Civic Assembly (AC). The AC is a broad meeting place throughout the country for a wide variety of social forces and the various social classes. Workers, professionals, the middle class, students and women are involved in it, and they represent the majority of the country. In a way, the AC also represents a sort of minimum political accord.

[Question] Speaking of such an understanding, a few months ago attorney Ricardo Claro "accused" the president of the Christian Democracy (DC), Gabriel Valdes, of having talked with you in Denmark, claiming that there was a secret pact between the DC and the PC. Did such a talk take place?

[Answer] When Gabriel Valdes was "accused" of having talked with me, Radio Chilena called me up, and I recorded a statement telling the truth: there was no talk with Gabriel Valdes either in Copenhagen or in Stockholm or anywhere else. I haven't seen him for about 5 years. The talk was the work of someone's imagination, a fabrication. But I then told the radio station that we felt such talks would be highly desirable and should be public. We have nothing to hide. After all, I will say so now, we are all grown up and everyone can talk with everyone else. This does not mean that there would be commitments and that ideas would change. Above all, we have to talk, because we have things in common, such as, of course, opposition to the dictatorship.

I would like to reach a public accord that would be publicized, that everyone would know about and that would, naturally, give the people much more confidence. A political accord that would have to rest on clear, well-defined terms that would appear in the press: "We are agreeing on this." An agreement whereby Christian Democrats would become Communists and Communists, Christian Democrats is impossible. But an agreement to struggle against Pinochet is possible, even a very specific agreement.

[Question] What would your proposal look like? How do you think Pinochet's departure ought to be approached? What are you proposing?

[Answer] We believe that what happens will depend on Chile's history. If Pinochet were to fall as a result of the mounting mass mobilization and the social understanding that will be manifesting itself continuously over the coming months, then obviously no other form of struggle is necessary. However, if Pinochet were to get his way and keep on killing, raiding shantytowns, sending his soldiers with their faces painted to attack shantytowns and slitting throats...I don't know...People have a right to preserve their lives, to defend themselves.

Now then, we have to avoid any excess or mistake that helps the dictatorship. And we will always attach priority to the mass struggle, the struggle of the people. And we will always attach priority to the idea that this is not the action of a party or of a given social class; this is the action of all Chileans who are against the dictatorship and of all parties, even on the Far Right, as long as they are against Pinochet. We feel that the only objection that we ought to make, the only veto we should cast is against those who are behind Pinochet.

[Question] And what role does the Manuel Rodriguez Patriotic Front (FPMR) play?

[Answer] In my judgment, the FPMR exists because there is a brutal dictatorship, a totalitarian, repressive military regime that has committed a mountain of crimes and will keep on committing them until someone stops it. For example, when the DICOMCAR people kidnaped Parada, Guerrero and Nattino and then slit their throats, how great it would have been to have someone there to confront the kidnapers.

[Question] Some of the front's actions provoke fear in many circles and could keep people out of the mass struggle...Moreover, there is the danger that the very existence of the front may prompt harsher action by the regime against communist activists themselves...

[Answer] The party had not killed a fly as of 11 September 1973. It took 10 or 11 years for the Patriotic Front to emerge, after Chile had seen the most atrocious and least justifiable bloodbath...Furthermore, I think that the FPMR has the same right to exist as did the 50,000-man army that the Right set up in Chile to fight Ibanez' military dictatorship; it was called the Republican Militia and even had civilian generals like Dr Sotero del Rio, 50,000 armed men.

So how does one deal with a regime whose only argument is violence? I find that resistance is a moral duty too. It may seem rhetorical, but we are people who act on moral grounds. Sincerely. We believe in the need for justice, freedom and democracy. We are criticized for not being democrats. But how have we failed democracy? We are never going to betray democracy.

[Question] What sort of democracy? How do you conceive of democracy?

[Answer] Our party is calling for the full reestablishment of democracy in Chile. The Communist Party is surely not going to be the largest party, nor are we going to choose the president of the republic. Nor are we going to return to a Popular Unity government. What matters to us is the fall of the tyranny and the restoration of democracy, giving the people back their role as the wellspring of sovereignty so that they can decide in free, informed, universal and secret elections. The people will speak, and we will abide by the will of the people. And of course we are not going to treat that sort of government as harshly as we are treating the tyranny. Because it would be completely different.

Now, our principle is to struggle for what we call "advanced democracy," which might not be attainable immediately but which ultimately means the democratization of the country in all respects: economic and political, a pluralist democracy with a system of parties, in addition to the need to democratize institutions, starting with the army.

[Question] The current moment seems to be marked by the civil disobedience that the Civic Assembly represents. Do you think that this path can really lead to a restoration of democracy?

[Answer] I think that civil disobedience is very important, and not just because there may be a work stoppage. There have been work stoppages before, as well as forms of civil disobedience. It is very important now because the sponsorship is very broad. Because there really is a social accord and, shall we say, a political accord among the majority in the country. And if this dictatorship had one-tenth of one percent of democratic responsibility, it would step down. I think that if this campaign of civil disobedience spreads and if the work stoppage is successful, it will be a very serious blow to Pinochet. Not because it will topple him, but because these blows have to have repercussions in other decisive spheres. And the decisive sphere is the

Armed Forces. Because when all is said and done, what sort of future do they have now? They know that the country, the people are not going to let up until they achieve democracy. So the outlook for the military is to continue the repression day after day. Which is what they have been doing. But things are different now. The repression is against a mass movement, as there is an awareness that the majority wants democracy, and they realize that they are in the minority. So, many of them must be thinking about how to get off the horse without breaking their heads, with what guarantees...The central problem of the Armed Forces is no longer communism, nor the MDP [Popular Democratic Movement]. Nor is it the Democratic Alliance. The Armed Forces' essential problem is Pinochet.

[Question] Would the Communist Party be willing to negotiate a political solution with the Armed Forces?

[Answer] Yes, of course.

[Question] On what terms?

[Answer] On terms of immediate action: "You're leaving right away. Go back to your barracks." And the country would elect a single authority that all forces would agree on, a vice president (there are historic precedents in Chile) on whom we would have to agree. And he would have to represent all opposition forces in a provisional government on which all would agree. This would also naturally entail a series of measures such as are taken in every country when a dictatorship falls.

[Question] Could these be the immediate measures in the National Accord?

[Answer] Yes, they could work. We are in agreement with the immediate measures in the accord. What we have to do is seek a common denominator. The Communist Party is not going to propose its program. No party could do that.

[Question] Do you think that it is possible to move towards a common denominator without prior discussion of the forms of struggle?

[Answer] I think that if such a discussion of the forms of struggle is deemed necessary, we will agree to one. We once told the Christian Democrats: let's discuss everything. Anything you want. We too are going to bring up certain issues. And one Christian Democrat recently told us: "We want to discuss this." Agreed.

[Question] Some Christian Democrats and some Communists have contended, each from their own perspective, that the forms of struggle condition the outcome...

[Answer] I want to stress this to you: the democratic solution that we are seeking is the well-known solution, which consists of giving the people back their constitutional authority to define the country's political landscape.

The forms of struggle have one obligation: they must work, they must be consistent with the desired goal, which is to bring about the fall of the

dictatorship. Anything that is antagonistic or contrary to that goal must not be done. And the forms of struggle can even be brought up for discussion, studied.

[Question] The most recent report of your party's plenum spoke of building an "advanced democracy" as a fundamental objective. Has there been a change or a reversal?

[Answer] No, no, this is an absolutely valid distinction. It is not contradictory with what I am arguing. What have I been telling you? That we want a return to democracy. This return to democracy could be a common denominator. If we all get together in the Civic Assembly, if we all abide by the AC's instructions as best we can, and if we follow this path until we end the dictatorship, then we are in agreement, I repeat, on the establishment of mechanisms unanimously agreed upon by the representative forces to arrange the move towards democracy. And we are not going to expect too much or ask for the moon. We are not going to ask the provisional government to work miracles.

There will also have to be a new constitution, because we do not accept the 1980 version. It will be a reformed 1925 constitution or a completely new one, and the time will come when we will hold elections, and we will run on our own program, like all the other parties. Our program is "advanced democracy," which is a thoroughgoing democracy, meaning the democratization of the country...Our advanced democracy does not mean saying "Let's organize the dictatorship of the proletariat," nor are we proposing to achieve socialism right away...That is absurd. Chile has to get back on track so that the people can decide what sort of country they want, what sort of democracy they want. And each will propose the democracy he wants. But it is very important for all democrats to realize that no position must endanger the reestablished democracy. What was done in Italy, for instance, is an example that Chile has been very slow to study.

[Question] One last question. Would you be willing to discuss the situation in Chile with the Americans?

[Answer] I would rather not talk with the Americans. But if the Americans were to stop supporting Pinochet, it would not be a bad idea.

8743

CSO: 3348/98

CHILE

SOVIET POLITICAL OBSERVERS' PERCEPTION OF DOMESTIC EVENTS

Santiago HOY in Spanish 7-13 Jul 86 pp 11-12

[Text] Moscow--Luis Corvalan Lepe has been living on the outskirts of Moscow since 1976. Yet it is difficult to see him in the Soviet capital. According to activists in the Chilean Communist Party (PCC) who still live in exile in this city, his health is fragile and suffered greatly after two operations last year.

The same sources take it for granted that Corvalan will resign permanently next year when a decision has to be made on the PCC's secretary general.

Although the debate on a successor is internal and shrouded in great secrecy, one of the issues involved is whether the time has come for the party's top leaders to return to Chilean soil.

But to the Chileans who have lived in exile for many long years, "the solidarity of the USSR has been valuable and will not be forgotten." One of the top leaders of the PCC, Volodia Teitelboim, told HOY that "the generosity of the Soviet people and government has not made us forget our fundamental right to live in our homeland, but it has been a source of considerable strength all these years."

For more than a decade, these leaders have been the main link between the USSR and the situation in Chile. But does this mean that the Soviets' view of Chile is dictated by that relationship?

Not always. The fact is that the USSR closely monitors the situation in Chile and that specialized circles have up-to-date, independent information available.

United States: A "Tactical Shift"

One of the main topics in the Soviet analysis is the role that the United States plays in the hemisphere. Lithuanian writer Alguis Chehoulis explains:

"I have the impression that the Chilean dictatorship has already done what our esteemed Yankee adversaries wanted, and they are certainly going to replace Pinochet. It is difficult to keep him in, now that the opposition forces have

been uniting, even with the support of the Catholic Church. I think that the general's days are numbered, but I also think that our adversaries are not going to permit a people's democracy."

Opinions are similar at the powerful Institute of Latin America, which brings together more than 140 specialized academics. According to its adjunct director, Nikolay Zaitsev, "the statements of the United States against Pinochet represent a purely tactical shift, and in fact they have just now been retreating from their initial harshness. It is also true, however, that the situation worries the Reagan administration, especially now that so many articles are being written about the influence of the Communist Party in Chile."

"The United States is not interested in Pinochet," adds Yuri Subritski, a researcher at the institute and an expert in Araucanian affairs, "because it is certain that he will fall. But it does not want Pinochetism to fall, that is to say, the security apparatus, the Armed Forces, the social structure, the correlation of forces. Like in Haiti."

[Question] But aside from the role of the United States, what other elements do you look at?

[Zaitsev] Well, we don't yet know what will come of the Civic Assembly, but if the opposition manages to really unite without ill will, then the dictatorship and Pinochetism too will likely come to an end.

[Subritski] We all share the idea here that the unity of all democratic forces is fundamental. What is more, it is a precondition, and I think that it must be sought at all costs.

[Question] And do you think that unity is possible given the differences as to methods and given that there are parties that are calling for the use of "all forms of struggle"?

[Subritski] The fact of the matter is that unless this is stated, unless all forms of struggle are explicitly mentioned, the forces of repression have the sort of assurance that they never ought to have. I think that even the possibility of a civil war has to be a watchword. And in this regard the position of the communists seems fair to me.

[Question] Does this include acts of terrorism?

[Answer] I don't think that the PC is proposing acts of terrorism. It seems to me that it is thinking about an armed insurrection instead. Before 1973, the Popular Unity government made the mistake of saying that a civil war had to be avoided, while the Right was threatening one.

[Question] And what is your assessment of the FPMR [Manuel Rodriguez Patriotic Front]?

[Answer] You Chileans have to make that assessment. What I can tell you is that every type of struggle is justified in Chile, even the most intense armed struggle.

[Question] So you have nothing to criticize about the conduct of the PCC?

[Zaitsev] One general shortcoming of the opposition, not just the PC, is the scarcity of contacts with the Armed Forces. Very little, not to say nothing, has been done in this regard.

[Subritski] And not much has been done either to make the Armed Forces afraid of the costs that their actions will entail. I think that the message of the communists about reconciliation is good, but this counterpart is lacking.

[Question] Do you mean that they should talk with the Armed Forces and pressure them as well.

[Answer] Not exactly. I mean that the strategies can be combined.

[Question] And do you think that such a position can elicit a consensus or unity?

[Zaitsev] I don't know. I am only certain that the most urgent matter at the moment is seeking unity. But to be frank, I must tell you that we thought exactly the same thing in 1976, 1977, 1978 and so on. The crucial question is whether this situation is really going to last much longer.

[Question] What is the Soviet Government's official policy towards Chile?

[Answer] The official position on the Junta has been well known since the outset of the coup. Since diplomatic relations were broken off, there have been no direct trade relations. The same goes for the other socialist countries. We think that this is a regrettable state of affairs, in the sense that Chile possesses great resources and during the few years of our ties we made much progress in different areas. When we are able to cooperate with Chilean representatives overseas, or in international forums, we do. But we know that this is not much. [end of answer]

And what about the situation in Latin America? Karen Khachaturov, vice president of the NOVOSTI agency, has a view that differs from that of other analysts:

"I think that the influence of external factors should not be exaggerated, but it should not be overlooked either. I think that this is not the most favorable moment for Chile. Yet I have the impression that the political structure of Latin America is really changing and that the cyclical theory no longer holds. But it seems to me that the Americans are going to get rid of Stroessner first."

8743

CSO: 3348/698

CHILE

CHRISTIAN DEMOCRAT VALDES ON OBJECTIVES OF NEW COALITION

Santiago EL MERCURIO in Spanish 15 Jul 86 p C3

[Text] The president of Christian Democracy (DC), Gabriel Valdes, yesterday announced the creation of a broad coalition of movements and parties, basically the signers of the National Accord, for the purpose of achieving a "very profound" understanding that will, he said, provide a solution to the country's problems.

"The time has come to take a course of action that is in keeping with the grave circumstances," declared the opposition leader in announcing the formation of the coalition of political parties.

Accompanied by Jaime Castillo Velasco, Jose Ruiz Di Giorgio and Eugenio Ortega, Valdes yesterday gave a press conference to talk mainly about the recent statements that the president of the republic made in the eighth region.

The DC leader read a four-page statement and then fielded questions from reporters. He said that what President Pinochet indicated in Concepcion represents "an extremely grave political development" that directly affects the life of the nation and the destiny of Chileans.

He said that "he has made public his desire to govern for life. He rejected constitutional proposals that made possible a medium-term transition that former President Alessandri and other well-known figures proposed to him, after having announced that the military government was essentially temporary."

At another point in his statement, the DC president indicated that "we achieve nothing by offering political prescriptions as long as the will to promptly seek a solution to the crisis does not exist."

He indicated that "if such a will were to manifest itself, we would be, as always, prepared to converse with anyone who was serious and responsible enough to do so in a bid to find a person, whether civilian or military, who would inspire the necessary confidence to call for a transition that would lead to free elections that would reflect the will of the people."

After referring to statements by former President Eduardo Frei concerning the current government and its continued presence in power and concerning the nature of the plebiscite on the 1980 Constitution, Valdes indicated that "the person in power has never wanted to listen to the democratic expression of the country's voice."

He then summarized initiatives such as the Democratic Manifesto, the National Accord and the Civic Assembly, which he described as part of the "peaceful, consensus search" for democracy. He regretted that they had been "rejected or ignored."

He stressed that the choice today is "between dictatorship and democracy. Today the struggle of all Chileans, united in a great peaceful movement for democracy, is more legitimate than ever."

After indicating that civilians have lived alongside the Armed Forces since the founding of the republic, he said that he hoped "they will take the path of reconciliation with the people. We cannot accept the gap that exists turning into an abyss and violence winding up destroying what took 150 years to build."

He declared that the DC would not renounce its "devotion to democracy" and that it would continue to stress the path back towards democracy. He conveyed his support for the so-called Civic Assembly and Dr Juan Luis Gonzalez, who is currently under indictment before the courts.

He went on to say that the country is waiting to hear what the Armed Forces think of the current situation.

New Political Coalition

After announcing that he regarded as "very positive" the start of a bilateral dialogue with the National Party, whose proposals he will respond to this week, he indicated that the objective of the new coalition among the political parties and movements that signed the National Accord is "to move forward, along with the alliance, in creating a uniform political force that will convey to the citizenry the clear-cut conviction that this country is governable and that the political parties have the political will to take up their responsibilities and solve problems."

When asked about the range of parties that would make up the coalition, he said that "this is what we are looking into and we hope to soon reach specific agreements with this range of parties, which are basically the signers of the National Accord."

Dialogue With Pinochet

With regard to the statements by the president of the alliance, Enrique Silva Cimma, concerning his willingness to talk with President Pinochet, Valdes explained that when he spoke yesterday with the Radical leader, Silva Cimma confirmed to him that "his words are in keeping with the attitude that we have always maintained in the sense of doing everything we can, no matter how

difficult, restore democracy." He added that "of course, after General Pinochet's statements, there is no possibility of a dialogue."

When asked for his opinion of the political proposal that his fellow Christian Democrat Andres Zaldivar has put forth, he indicated that it represents a further development of the immediate measures in the National Accord and, "therefore, is quite important and quite valid. Nevertheless, regardless of the proposal's worth, if there is no willingness whatsoever among those who could discuss the proposal to start a dialogue, then we see no future for it."

Relations with the Communist Party

He also talked about his party's ties with the Popular Democratic Movement. Leftist leader Jose Sanfuentes had referred previously to these ties, saying that the DC ought to reveal the reasons why they were "private."

Assessing the contacts, Gabriel Valdes indicated that "we have held and will continue to hold conversations to restore democracy with all the political parties that we deem appropriate."

He said that never during these conversations has an attempt been made to alter the DC's course of conduct. "They will be public or private, depending on the political situation in the country and our own interests. This goes for all parties, the Communist Party included. Our position on this matter is clear. We have not been and are not part of pacts other than the ones arising from the Democratic Alliance and the commitments under the National Accord and the commitments to support the Civic Assembly."

He indicated that it is in the social sphere and in the Civic Assembly "where agreements are reached among Chileans who are engaged in the same activity or the same profession or have the same interests. We do not believe that there is any confusion, and whoever tries to harp on this issue in a bid to blur distinctions between us deserves to be called a real lowlife."

8473

CSO: 3348/702

CHILE

ROLE, IMPACT OF POLITICAL CENTER ASSESSED

Santiago QUE PASA in Spanish 17-23 Jul 86 pp 36-40

[Article by Mariana Grunefeld]

[Text] "The midpoint of something." That is how the center is defined. A geographic term that is applied to a wide variety of things in life. When a person is thought to be at the center of the social scale, he is said to be middle-class (half of the Chilean people so describe themselves). When a person regards himself as important, he pursues his political and financial ambitions in the center (we are talking about "central" Santiago, of course), and when a person considers himself psychologically well-balanced, he says that is centered.

Does this almost magical word enjoy gratuitous prestige? Perhaps we are still influenced by what Aristotle said centuries ago: In medio, virtus. The center is the point most distant from the outer edges of an object and, therefore, synonymous with nucleus, core, epicenter, hub. It is the opposite of anything that is peripheral, marginal and...extreme.

Given these alleged attributes, the concept was quickly incorporated into politics. In Portugal there is the Social Democratic Center Party; in Spain, Adolfo Suarez' party bears the same name; there is Alvaro Alsogaray's Democratic Center Union in Argentina; there is Spadolini's Republican Party in Italy; there are such parties in the Scandinavian countries. All of them are small, centrist parties. The classical example is Germany's Liberal Party. With six percent of the vote, it has the luxury of making changes in government by "blackmailing" one of the two major parties. Although it is known as a typically centrist party, it is by far the most liberal and, hence, the most "extreme" of the German parties in economic policy. Chile's own centrist political parties are the former Radical Party and Christian Democracy (DC). In its heyday (1931), however, the former came out in favor of the class struggle and had clear-cut socializing ambitions. For its part, the DC never acknowledged itself as centrist; its ideologue Jaime Castillo called it a "vanguard" party. As a member of the party told QUE PASA, that simply meant that it was a "working class, pro-grievance party."

Therefore, political science does not recognize the term Center as scientific, considering it layman's talk for propaganda purposes. Prominent political

scientists like Mitchel, Hantington, Downs and Epstein do not speak of centrist parties. The Frenchman Maurice Duverger does, indicating however that a two-party system is the natural one and that the "Center is impossible" and concluding that "the Center is fated to be pulled apart, jolted, annihilated." The Italian writer Giovanni Sartori believes, in contrast, that the Center exists, describing it, however, as "a sum total of exclusions," a sum total of negatives and, therefore, immobile. He acknowledges, though, that its hallmark is to function as a bridge. In the case of Chile, the Radical Party from 1930 to 1950 was typically centrist not in its ideology but in its actions; it was pragmatic, willing to negotiate and tolerant. The DC, in contrast, is described as centrist neither in its ideology nor in its actions, but simply because the people who voted for it were middle-of-the-road.

The Center is in the country, not in the parties, Chilean political scientists contend. On a scale from 1 (Left) to 100 (Right), 33 percent of Chileans describe themselves politically as right at 50. These are the people in the "Center-Center." Some 21 percent placed themselves on the Center-Left, and 18 percent on the Center-Right. In other words, 72 percent of the Chilean people regard themselves as middle-of-the-roaders in one way or another. A gold mine for the parties. The Left has taken note. Hence its "renovation" throughout the world, which remains to be seen in Chile. Before it took power, the Spanish Socialist Workers Party (PSOE) defined itself as a "Marxist, workers party of classes and the masses." Opinion polls in hand, Felipe Gonzalez struck the term Marxist. A 1978 poll of Spanish workers revealed that 80 percent were satisfied with their work pace, 70 percent felt that their complaints or requests were listened to and acted on, and 52 percent agreed with the description of a company as a team for producing more and better products for the benefit of all. Only 15 percent spoke of unfair or high-handed treatment.

What did the party get out of being socialist and working class? Political realism. What is happening in Chile?

The Electorate

The Center comes mostly from the middle class. In a poll conducted by FLACSO [Latin American School of Social Sciences], a research institute, 46 percent of those who described themselves as middle class placed themselves in the "Center-Center"; 33 percent placed themselves on the Center-Left, and 40 percent on the Center-Right. The characteristics of the Center can be described scientifically:

To them the main problem is the economy. Some 67 percent of people in the Center complain about their situation. After unemployment (61 percent), only 2 percent care about the so-called "moral crisis" and human rights.

There is also a religious Center. One-fourth go to mass every Sunday and more than once a week (outdone only by the Right with 27 percent). And no less than 84 percent say that "religion is very important in their lives" (exceeded only by the Right with 96 percent). Surprisingly, 65 percent of the Left say it is.

With regard to economic policy, only 54 percent feel that the government has a duty to provide jobs (the Right is more statist, as 66 percent say that it does). Only 18 percent of the Center thinks that it is the responsibility of the private sector, and 26 percent believe in a mixed economy.

In politics, the Center is predominantly for a presidential (43 percent) rather than a parliamentary (35 percent) system. Some 77 percent were for negotiations between the government and the National Accord. The Center is indeed much less interested in politics than the Left is. Only 37 percent of the Center are interested in politics, and 31 percent are indifferent (65 percent of the Left and just 20 percent of the Right are interested in politics). Moreover, 37 percent of Chileans who say that they are centrist feel that the parties "only divide." Most of them (51 percent) do believe that parties ought to be faithful to their principles and feel that democracy is preferable to any other form of government (55 percent). And, of course, they want the future government to be middle-of-the-road (41 percent) or at least one in which all parties are represented (32 percent).

The Center is, furthermore, peace-loving. Although only 1 percent feel that the society in which we live is doing fine and 55 percent feel that major reforms should be undertaken, only 17 percent speak of "radical changes." And as far as social pressure is concerned, 93 percent strongly advocate petitioning, while just 15 percent are in favor of interrupting traffic, 18 percent occupying schools and factories and just 8 percent writing on walls. Banging pots and pans is acceptable to 51 percent, and 58 percent agree with taking part in marches.

Ambiguity

Can we draw some conclusion about what the political aspirations of middle-of-the-road voters are? Angel Flisfisch, who is in charge of these polls in FLACSO, believes that the hallmark of the Center can only be described as "ambiguity." He says that he does not believe in a centrist ideology. Actions are the gauge of whether one is centrist. On that there is complete agreement.

Chileans keep a prudent distance from major ideologies. Hence the success of the so-called Center. According to political scientist Juan Irarrazaval, the electorate is disenchanted with the existing ideological poles because "they have led to collective failures, and some memory of this remains in people's subconscious." Realism, moderation, good sense. It means wanting order as well as freedom, social justice as well as efficiency. It is a potpourri of concepts that hence does not lend itself to definition. Thus, being in the Center also means not committing oneself, not wanting to run risks and, therefore, feeling falsely independent. Gonzalo Rojas, a law professor, explains: "When one uses this terminology, the political Right and Left are placed at the so-called extremes, in what are apparently 'danger zones.' They would appear to be in danger of falling off the political map. The safest bet? The Center, hence its attraction. This is why the Center is generally represented by a heterogeneous and vaguely defined party."

Opinion on Acts of Protest (Percent Approval [Yes] and Disapproval [No])

Type	Answer	Left	Center-Left	Center	Center-Right	Right	NR
Strikes	Yes	91	86	68	60	34	42
	No	7	13	31	40	65	50
	Not Sure/	2	1	1	0	1	8
	No Answer						
Petitions	Yes	93	95	93	94	83	76
	No	6	3	5	6	17	15
	NS/NA	1	2	2	0	0	9
Blocking Traffic	Yes	53	29	15	7	9	11
	No	43	68	82	92	90	82
	NS/NA	4	3	3	1	1	7
Factory or School Sit-ins	Yes	74	38	18	10	16	13
	No	23	60	80	90	83	78
	NS/NA	3	2	2	0	1	9
Marches	Yes	88	79	58	46	37	28
	No	10	19	40	53	62	63
	NS/NA	2	2	2	0	1	9
Graffiti	Yes	50	29	8	5	5	4
	No	47	70	89	75	94	87
	NS/NA	3	1	3	0	1	9
Banging Pots and Pans	Yes	82	72	51	38	26	22
	No	16	26	47	61	73	69
	NS/NA	2	2	2	1	1	9

What is more, Irarrazaval feels that in Chile today it is not even possible to ascertain where the Center is, because what are the poles? The Communist Party and Pinochet? The PC and the Right? And who on the Right? Statism versus liberalism? If it is not even clear what the poles are, just think how unclear the Center must be, the argument runs. The easiest way out: describe oneself as centrist. The concept of Center-Left-Right was born in Chile during the 1931 presidential campaign, when political journalists asked: Are Montero and Alessandri (the candidates) rightist, centrist or leftist? The columnists concluded: centrist, because they are moderates, constitutionalists and advocate peaceful change. The concept of the Center became consolidated in the 1960's with the reappearance of ideological parties. Lastly, it stands to reason that the Center can emerge only in multiparty systems.

Historical Reasons

The consensus is that the Chilean Radical Party (PR) from the 1930's to the 1950's was a clear-cut example of a centrist political party. The PR is even said to have developed a centrist culture in the country. Why did the country turn to the Center? How did the Center emerge? And why was it successful?

Historian German Urzua summarizes some of the factors behind the rise of the PR. Arturo Alessandri, a vanguard liberal, created a receptiveness to change among a large segment of the citizenry with his policies. He also managed to wean the political elites away from the military. The second factor was the relative move to the Left by the entire society because of the economic crisis in the 1930's. All of the parties that emerged after Ibanez defined themselves as socialist. Why wasn't the trend carried to an extreme and why didn't communist and socialist agendas emerge? Simply because the Far Left was extremely weak. Leftwing extremists were unable to take advantage of the heightened "social sensitivity." So, the Center was victorious, supported by the rise of the middle classes and Chile's so-called "intellectual development" (lay universities and secondary schools). The PR's strength lay mainly in the cities, among men and among Freemasons. Moreover, it had ties with government, which heightened its power.

The Popular Front (the alliance that the PR, socialists and communists forged) succeeded in putting together stable administrations partly because its opponent, the Right (liberals and Conservatives), was also a major force. The numbers: in 1936, Pedro Aguirre Cerda, a Radical, won with 50.35 percent of the vote, while Gustavo Ross took 49.4 percent. In 1942, Juan Antonio Rios won with 55.96 percent, and Carlos Ibanez del Campo took 44 percent. In 1946, Gonzalez Videla won with 40.23 percent of the vote, while the Right lost because it ran two candidates (Eduardo Cruz Coke with 29.81 percent and Fernando Alessandri with 27.43 percent). The electoral strength of the Right forced the Radical Party to compromise, according to Tomas Moulian.

The Radical decline came in 1952, when Ibanez snatched away its votes and when the DC arose to vie for the middle class with it. The small, select group of the Falange, which for 10 years had garnered very low vote totals, jumped from 2.5 percent in 1945 to 15.63 percent in 1961 and to 56.09 percent in the 1964 presidential election. Of course the entire Right backed Frei in an election that had dramatic overtones as it defended against the advancing Left, which garnered 38.53 percent of the vote. Julio Duran, a Radical, got just 4.9 percent. Several factors explain the DC's success: the sudden increase in the electorate, the decline of the Right (once again one of the poles was weakening), the figure of Frei and the threat from the Left. The total number of registered voters in the country, political scientist Carlos Huneeus recalls, represented nine percent of the population in 1949. By 1964, it was 34.8 percent. There were 464,872 voters in 1949 and 2,070,188 in 1963, an increase of 135 percent. The DC captured that new mass of voters, while the PR's vote total stagnated. Meanwhile, the Right collapsed. It took 12.5 percent of the vote in the 1965 congressional election (5.2 for the Conservative Party and 7.3 for the Liberal Party). Frei was the key. A prominent Christian Democrat told QUE PASA frankly: "Starting in 1955, Frei personally managed to place the DC for 10 years in what was the political

Center. Frei moderated the party's position (he did not question private property and took a firmer stand on the PC) and broadened the party's social base. Once he was gone, there was no one to keep the party in the Center."

Two Very Different Centers

These two native centrist parties, the PR and the DC, are actually completely different. In his book "Regimen de gobierno y partidos politicos in Chile," Bernardino Bravo describes the PR as a party which "had ample room for genuine Chilean good-naturedness, which among other things manifested itself in greater concern for people than for specific issues and ideology." A parliamentary party that favored discussion, negotiation and compromise, it sought to come to terms with its adversaries, not crush them. For this reason, when the socialist Salvador Allende was president, he said recalling his years as Aguirre Cerda's health minister that the UP "does not want to be another Popular Front. We do not want to be reformists. We do not want to defend the system and the regime. We want to combat everything."

Tomas Moulian described the Radical Party as "a mobile, pendular Center." Example: in 1958 they were part of a congressional alliance that repealed the Democracy Defense Law, which they themselves had previously sponsored. Under Alessandri they turned to the right and joined the government, and until 1969 they vacillated between joining the Right or the Left. Moulian: "The mobile Center that was a potential alliance partner for both extremes and even for the other centrist party (DC), was a major damper on the impulses towards polarization."

The DC was diametrically different. According to Moulian, the DC was a "dominant, rigid and inflexible" Center as of 1965, partly because it was an ideological party. Bravo describes it thus: "They approached politics with the spirit of a select minority, convinced of the superiority that their ideology accorded them; they possessed a sense of mission in the face of the masses' inertia and had a defiant attitude towards the ruling sectors as well as towards their rivals." They went their own way, without alliances. "An eccentric Center," Moulian calls the party. The socialist Angel Flisfisch adds: "The DC also stole the Left's banners with the agrarian reform and the nationalization of copper." A DC faction soon moved to the Left, forming MAPU [United Popular Action Movement] in 1968 and the Christian Left in 1971. According to Flisfisch, the DC's problem was its "critical size." It was too large and therefore sought predominance, not to be the Center. We must remember that one-fourth of the electorate voted for the DC. According to Irarrazaval, "the DC has a natural inclination towards the democratic Left, but is aware that its constituency is in the Center." The party has two faces: one when it is running and the other when it is in power.

Carlos Huneeus defends his party: His argument: the Center can be a mediator or a source of new trends. By being in the "vanguard," the DC was in the Center, but in a way it was also over the Center, in the words of Castillo Velasco. Others, like Gonzalo Rojas, are less kind. As far as he is concerned, the Center can also be extremist. When? When it is "messianic" and "seeks to save people," when it is "intransigent" and "sophistic" about active nonviolence, and when it is marked by "extreme clericalism."

In any event, the so-called DC Center gradually weakened. At the close of its term in 1969, 30 percent of the country supported it. Tomic came in third in the race for the presidency, and although it remained the leading party during the UP government, its support stood at 29 percent in 1973 while the Right's rose to 21. Polarizations affect the Center adversely. In such a climate the small centrist parties have no chance, like the Social Democrats, who won 1.8 percent of the vote.

The Christian Democrats

The Center among parties is empty today in Chile. "This is the risk that the country is running, which is why it is still standing by the Armed Forces in one way or another," says a Christian Democrat no less. Political scientists assert that the Center has not existed in Chile since 1964. They are divided between those who favor a two-party system for a stable democracy and those who prefer a multiparty system with several centrist parties as negotiators and bridges.

For the time being, the PR is defining itself as part of the democratic Left in Chile, and so do the Social Democrats. The DC is undecided. While some Christian Democrats like Edgardo Boenninger say that it is centrist (because it attaches equal priority to equality and freedom), others see it as left of center. In any event, the DC believes behind closed doors that it will be the dominant party in Chile because, they say, it is convinced that it will capture most centrist votes even though its policies are still more leftist. Juan Irrarrazaval asserts that as long as there is a traditional Right and a traditional Left, they will "be handing the Center over to the DC." It would behoove the DC to maintain the party system as it now stands, he indicates. A moderate Left and a renovated Right would crowd it out, because there is an increasing chance that Chilean politics will undergo modernization or at least change, since as in the early 1960's we are looking at a sudden jump in registered voters, from 4.5 million in 1973 to 7 million today. Flisfisch, a socialist, complains: "On the one hand the DC speaks of a broad coalition with a clear-cut message for the Right. Then it talks about forming a Center-Left bloc. The only motive for such behavior is to prevent the formation of coalitions." According to him, the DC is striving to pluralize the political system so that it can thus remain preponderant.

Assuming that coalitions are possible, Flisfisch says that the political Center (DC) has the following prospects today: if the Right allies with the Armed Forces in the medium and long run for the transition, the DC or the DC allied with the Left will be successful at the ballot box. In contrast, if the DC allies with the Right and the Armed Forces in the short run or just with the Right or Left, in all these cases the Left will win at the polls in the medium and long run. Therefore, it does not behoove the DC to enter into alliances, Flisfisch concludes, because it knows that active involvement in any transition situation carries a high political cost that translates into a considerable erosion of prestige in the medium and long term.

A DC scholar even wonders how capable the party is of being in the vanguard (which worries them): "We win elections but then we have trouble forming a

student government." He accuses the party of not knowing how to run a government. He goes on to say: "The challenge before us is to move from voicing criticism to being constructive. The leap from being the opposition to not being the opposition is complicated." After all of its years in the opposition it has gotten used to being very general. There is a lack of internal definition.

The DC's Alternative Project said the following about an economic and social model: "This is the issue on which debate within the party has been most confused and emotional...There has been talk among us of communitarian socialism and communitarianism, but let's be frank, what these terms mean is not that clear, nor do they mean the same to all people, nor is there a consensus on the path towards a communitarian organization of the economy." A Christian Democrat acknowledges: "We are divided between those who emphasize competition at the ballot box and those who are worried about how to run a government." For the time being, the former predominate. Bringing people from the two "bands" together will be hard, they say. But this Christian Democrat is "optimistic." He thinks that the DC will never be asked to take a very definite stand because "what are the alternatives to us? The MDP and Pinochet, and that's fine with us. Lastly, if the votes don't go to us, they will not be cast at all."

Could there be a split in the DC? A DC politician who is now somewhat removed from his party replies: "Well, I think in my heart of hearts that it is possible..." Most people in the party deny it, but they do fear a split between the leadership and the rank and file. The same Christian Democrat says: "The party's rank and file are centrist, but the current leadership is leftist. This business about the 'fat cats' [guatones] is not true. There are no people with a rightwing mentality in the party. What they call the right wing is merely the Center with some leftist streaks." He concludes: "The only extremists in the country are those of us who belong to the Chilean elite."

Opinions of Our Society (percent)

<u>Choices</u>	<u>Left</u>	<u>Center-Left</u>	<u>Center</u>	<u>Center-Right</u>	<u>Right</u>
Fine as is	3	2	1	2	4
Minor changes	4	11	26	33	38
Major reforms	34	40	55	42	32
Radical change	59	46	17	22	26
Don't know/no answer	0	1	1	1	0
Total	100	100	100	100	100

Source: FLACSO

8743

CSO: 3348/702

ECUADOR

ADMINISTRATION'S DEFEAT IN PLEBISCITE ANALYZED

Guayaquil VISTAZO in Spanish 6 Jun 86 pp 6-7

[Article Manuel de J. Real]

[Text] Penetrating the hidden meaning of the popular will is a necessary task after such a massive pronouncement as that on 1 June. In all of the provinces of the fatherland, the people cast negative votes in response to the consultation organized by the government. What motivated the president of the republic to proceed so decisively to a plebiscite?

Without any doubt, it was not enthusiasm for the right of independents to express their views without prior affiliation with a party. There was no need for this. Why then was this step taken? Nothing that happens is by chance. Everything has a meaning. What the chief executive sought was to consolidate his public image, to increase the vote by which he was endorsed in May of 1984, and to strengthen his power. If from this future benefits such as a constitutional amendment which would allow him to be reelected could be obtained, so much the better. Everything would depend on the flow of favorable votes. This intent became the clearer the closer 1 June approached. For example, toward the end of May the chief executive said: "The people will vote 'yes,' because in doing so they are saying 'yes' to the development work of the government, 'yes' to peace and order, and 'no' to hatred and violence, 'no' to subversion and political conspiracy, and 'no' to further enslavement to the political parties."

The plebiscite did not, then, have a juridical purpose diverted toward politics by the opposition. The fact is its conception and birth were entirely political. And it was viewed in this way. It was understood in this way by those who voted "yes" and those who voted "no." None of them thought of the independents at any time. No one, at this point, can claim to have been deceived. If this were not the case, there would be no explanation for the vast importance assigned by the regime to the consultation, which would seem to be decisive for it. Nor would there be any justification for the ardent dedication of those who urged the people to cast negative votes.

The plebiscite dealt the coup de grace to the National Reconstruction Front, which began to crack the day after its triumph. And it still further removed

the government from the CFP and the FRA, which had extended a hand to the regime, particularly after August 1985.

The great winner in the plebiscite was former president Hurtado, who undertook the task of defending the party system to the emergence of which he contributed so much. He did this with lucid arguments and with that moderation and untropical calm characteristic of him. But he did not limit himself to a mere discussion of principles. He extracted every possible advantage, linking this consultation with the aspirations, the method of conduct and the dark desires of the regime.

On the other hand, the cause of the independents, although it was not the true reason for the plebiscite, did not at any time arouse fervor in a people whom Velasco Ibarra described as "intuitive." This was something too abstract and distant for the masses. Never did the ordinary citizen, however removed and fearful of the parties he might be, identify with the consultation. The slogan "vote yes, vote for yourself" never even began to penetrate the public mind. The fact is that the "man on the street" knows that an independent cannot become a candidate based solely on his desire, his competence and determination. To become a candidate with any possibility of success, political and economic strength are needed. As proof of this, let us merely mention the names of two illustrious independents who have won palace office in this century--Galo Plaza Lasso and Jose Maria Velasco Ibarra.

We find moreover that the Latin citizen has a better grasp and is more at ease when saying "no" than in saying "yes." We have played at rebellion since we were children. In our view, this psychological motivation is very important in understanding what happened everywhere on 1 June. We have a greater propensity to reject than to accept. Perhaps this is in large part because we tolerate many things which basically we do not want. At any moment, we are more inclined to find reasons against than reasons for. It would seem that we have more reasons for being discontent, dissatisfied and displeased than we have for being satisfied. With his undertaking, then, the president of the republic, without intending to do so, opened the floodgates for evidence of the citizens displeasure. Fortunately, it was demonstrated in this case by votes. This is one of the advantages of democracy. Would that the citizens' displeasure could always be expressed thus.

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CSO:3348/692

ECUADOR

HURTADO'S POPULARITY REPORTEDLY STRENGTHENED

Guayaquil VISTAZO in Spanish 6 Jun 86 pp 8-10

[Article by Fernando Artieda]

[Text] The failure of the "millionaire" campaigns was made evident. The political parties which spent vast sums of money suffered a defeat, an overwhelming one for some of them. The main loser in this connection was the national government, with its tremendous investment in seeking a popular "yes" vote in the plebiscite. Lawyer Walter Freire, an APRE candidate for a deputy's seat in Guayas, took the lead in a financial venture when ended in most resounding failure, when the people put a price on this enormous excess. The CFP spent money as had never before been seen in this party. Placing third in its own electoral bastion meant a significant defeat.

The Opposition Triumph

The vote in Guayas was a more pragmatic matter, being decided on the basis of the reality of public works rather than the illusions of discourse and promises. Proof of this is seen in the electoral success of the PRE, linked with the memory of the municipal projects of Abdala Bucaram. The image of "persecution" projected in a successful television spot had a popular impact which exceeded the most optimistic estimates. Although provincial in Guayas, the scope of the PRE triumph was a surprise to all. The government was responsible for the progress of the candidates it made the victims of its harsh treatment, as in the case of Jamil Mahuad and Rene Vargas Pazzos.

For the same reasons, the image of former president Hurtado was reestablished. The constant attacks on his personal impact and his ideas on questionable television chains rebuilt the public personality of a leader who had been worn down by the recent exercise of political power and damaged by the demolition apparatus of an opposition which, headed by then Deputy Febres Cordero, acted without thinking. Today, Hurtado is the undisputed leader of the opposition.

A realistic approach to the electoral response of the Ecuadorean people shows us a Social Christian Party which is experiencing a considerable turn in its fortunes. Without a doubt this electoral support is evidence of appreciation for the public work of the government. The neglected towns, suddenly the recipients of treasury attention, reacted electorally in favor of the six

slates. There could be no more obvious or apparent contradiction than in Guayaquil, where although it is a government bastion, the "no" votes won, but Lapentti triumphed with a large number, higher than the traditional CFP vote in Guayaquil. The effort made by Governor Nebot to make the infrastructure projects of the government evident and efficient bore fruit at the polls. The grateful people of the neglected districts applauded the government action.

The liberal vote held steady and even showed glimpses of recovery, with six deputies having won in that many other provinces of the country, revealing the constancy of its electoral presence.

Nothing could persuade the people that the CFP had acted correctly in the last parliamentary 2-year term nor that the administration of Dr Averroes Bucaram as president of the congress had been truly popular. Hitching the party to the government cart and then claiming affiliation with the opposition and the need to vote "no" during the campaign proved too much of a shock for the CFP adherents, into whom the idea had always been pounded that theirs was a party of "people against deception."

The FRA fell victim to its parliamentary mistakes. The endorsement of the government positions and also the ambiguous statements gainsaid by the daily legislative practice damaged the personality of the "fiscal" party waging the battle for "a future without poverty," with its highest leader becoming a reciter of arguments lacking clear proof.

The development from bad to worse from the time of the departure of Pancho Huerta to the conciliation efforts of Rodrigo Espinoza caused a considerable decline in the electoral capacity of the Democratic Party, which fell far short of its aspirations.

The defeat of the Conservative Party was complete. It did not seat even a single deputy anywhere in the country, thus underlining its clear decline and the apparently final end to its influence on the axes of political power in the country.

The fate of the Revolutionary Nationalist Party is similar, despite the offer of a 16th wage and the fact that it had one of the "Vargas Pazzos men" heading its slate in Guayas.

The electoral results on 1 June, then, contain important developments, seen in the reaction of the Ecuadorean people as evidenced at the polls. The contemplations of the government and the opposition should be focused thereupon. Let self-criticism and analysis, both regarding triumph and defeat, be governed by love of the fatherland and the defense of democracy, since the people have exceeded all expectations and have emerged as the best and most important winners.

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ECUADOR

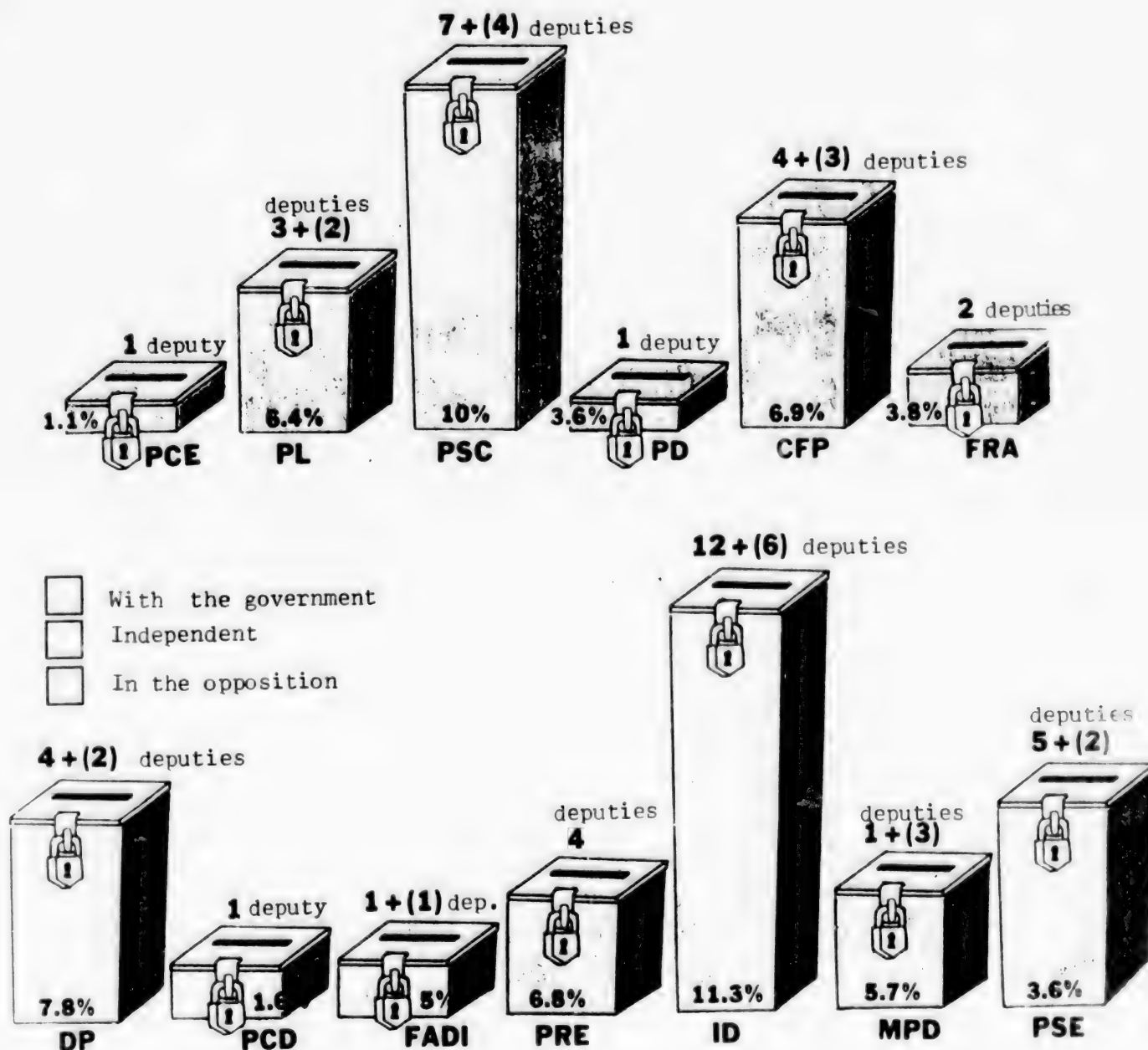
CENTER-LEFT PARTIES GAIN MAJORITY IN CONGRESS

Guayaquil VISTAZO in Spanish 6 Jun 86 pp 12-14

[Text] The vote opposing the government was revealed in two areas. The plebiscite was one of them, and the majority of the votes in the popular consultation were "no," although its strict juridical meaning was distorted by both factions. Despite the fact that this indicated a kind of rejection of the government's administration, there is a limit where the claims of the opposition are concerned. The people voted "no" without necessarily asserting their sympathy with those vying for leadership of the political opposition. It is obvious that the results in this first area, in which in any case the opposition cast its vote, will create a desire to fish in troubled waters. But it is the results in the elections for provincial deputies which will establish the limits of these pretensions. This is the second area.

The Democratic Left (ID) seated 21 provincial deputies and three on the national level in the 1984 elections. In these elections it is probable that it will elect 18 provincial deputies, which in any case represents a significant reduction as compared to its earlier parliamentary representation. Given this prospect, the ID would be one of the parties defeated in these elections. The need for accuracy comes with the effort to answer one question. Defeated by whom? Without a doubt it will not be by the government, since the center-left movement was strengthened by the vote won by Popular Democracy; the Roldosista Party instance in Guayas, which is the subject of another analysis; and the unexpected turn which characterized the Marxist left, as reflected in the deputies' seats won by the Broad Leftist Front (2), the Democratic Popular Movement (4) and the Socialist Party (7). The ID, which continues to be the leading electoral force despite the reverse suffered, has been defeated in the opposition sector by a radicalized opposition. In fact, the axis of political opposition to the government has taken over the leadership which the ID may have enjoyed since August of 1984, in the person of Osvaldo Hurtado, the visible leader in the clash between the regime and the center-left movement, whose continuing presence as a critic of the current government was reflected in votes for the DP. The centrist opposition rallied around the image of the former president.

Center-Left Parties With a Majority in the Congress



The chart shows the position the parties will occupy during the next parliamentary term, the tentative number of deputies' seats they will win, excluding the 12 national groups, which are as : ID (3), PRE (1), FADI (1), MPD (1), DP (1) and Feraud Blum, independent, in the opposition; CFP (2) and PSC (2); and a projection of their percentage of the votes. The CNR, PNR and APRE are not shown, because their small votes elected no deputies. Some parties which supported the government have been regarded as "independent," since their position in the future cannot be foreseen.

With the ID displaced by the DP in the centrist opposition sector, the same was the case in the leftist opposition field, led on this occasion by the Marxist left. In periods when the political conflict is polarized, the social base tends to become radicalized. If the ID could not succeed even in focusing the centrist opposition, much less could it rally the opposition of a radicalized social base which at a given moment represented the left wing of the ID. These voters mobilized in the direction of the Marxist movement which, as a whole, could elect 15 congressional deputies in 1986. The crumbling of the ID, obviously, is not the only reason for the growth of the Marxist left, whose electoral campaign is the cheapest in economic terms. The constant work on the base level which these parties pursue in the popular sectors, with the trade unions, peasant settlements and neglected districts, and the prestige of such candidates as Rene Mauge, FADI, Enrique Ayala Mora and Diego Delgado, PSE, are involved.

The opposition triumphed in these two areas, but with major limitations. The triumph in the plebiscite must be understood as a negative vote of rejection, and not as a vote of confidence for the parties in the political opposition. In the election of deputies, it is a triumph which divides the opposition and multiplies the points on the electoral spectrum, although the possibility of future alliances can be glimpsed, both in the parliament and in the coming elections. This is a triumph which strengthens the center-left movement, but which dissolves the electoral strength of each of the parties specifically. In other words, while the parties located on the political right are being concentrated increasingly on the basis of the leadership of the Social Christian Party, which, although it seems a paradox, has emerged strengthened from these elections, the parties located in the center-left are scattering, having failed to succeed in bringing political leadership and electoral leadership together. Meanwhile, the Marxist left, although it also emerged from these elections strengthened, proof of the polarization of the social base, cannot rally or concentrate its scattered electoral forces either, since in the medium time range, no agreement on its traditional doctrinary differences and action can be glimpsed. These are notes which modify a triumph which cannot by any means be regarded as the end of the political strength of a government whose 11 Social Christian deputies are the reliable proof of its permanence. And if the meaning of the "no" vote in the plebiscite is properly interpreted rather than being made to seem what it never was (a rejection in a consultation of a juridical type), and if a course correction is made to put the "midterm syndrome," in the words of the vice president, in the past, it has a potential for recovery by the time the 1988 elections occur.

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ECUADOR

NEED FOR NATIONAL CONCILIATION UNDERLINED

Guayaquil VISTAZO in Spanish 6 Jun 86 p 5

[Editorial]

[Text] The results of the elections were, generally speaking, very clear, very sweeping and categorical. The country has become radicalized in the past 2 years, on both the government and the opposition levels. We should all study what happened at the polls with patriotic zeal, without hatred or resentment, but with a desire to understand, with a vision of the fatherland and the future.

It is obvious that on 1 June the people of Ecuador massively expressed their discontent with the regime, which did not expect any such pronouncement. For the members of the current government need to go beyond the palace circle and to make their way into more various and heterogeneous groups, toward truths more varied than those they are accustomed to hearing. It is obvious that the 2 years remaining for the president to complete his term of office will be, for reasons of various sorts, much more difficult than the years already served. What can be done? It is on the response to this question that the worrisome future depends.

It is essential that both the government and its adversaries reach agreement on certain essential aspects, those which define our national character and democracy. It is indispensable, first of all, that legal order be maintained. This is true for those who command because this is the only support if they are to demand respect from the citizens. And it is true for their opponents because they need it in order to consolidate the potential for becoming the successors in government in 1988. We must, then, as the Venezuelans have succeeded in doing, rise above this kind of political cannibalism which has so often been a threat to and the death of Latin American democracy--this zeal to destroy each other, this denial of space, freedoms and guarantees for the opposition. A "day of the generals" arises out of intolerance and excess, and then those who could not defend democracy join together to fight free of military domination. This is the fatal circle which has recurred so many times in our America.

The lessons of yesterday should be taken as warnings. Either the political forces will find the foundations for peaceful coexistence, however serious

their differences and disagreements, or one day, our fragile democracy may capsize, as it has at other times in the past. The opposition must always observe the strictest respect for the law. The government, in turn, must understand that it does not enjoy the sympathy it believed it did when it summoned the people to the plebiscite. It is difficult to achieve a full understanding of this situation, but there is no other path to follow, given the reality.

In short, we hope that those who are involved in our national leadership will seek mechanisms of national conciliation, in order to avoid a dangerous confrontation which will in the end do harm to the country and to its democratic institutions.

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CS0:3348/692

GUATEMALA

PAPER ANALYZES U.S. AID TO CONTRAS

Guatemala City EL GRAFICO in Spanish 27 Jun 86 p 14

[Article by Carlos Rafael Soto: "Rambo or Sandino"]

[Text] President Reagan's policy toward Nicaragua obtained a major victory Wednesday in gaining the House of Representatives' approval of \$100 million in aid for the Contras.

The House of Representatives' decision will have important repercussions, both on domestic American policy as well as the situation emerging with respect to the United States-Nicaragua conflict. Regarding the former, Reagan has placed the Democratic Party in a difficult situation with this victory achieved in a body in which Kennedy's party has the majority. The victory is naturally not that of the Republican Party but of Reagan. However, it nevertheless involves many Democratic legislators in the militaristic policy of the Republicans, which will certainly deepen the already profound splits between Democrats.

(The victory is explained by three main reasons: First of all, there is Reagan's enormous power to persuade. He is not called the "great communicator" for nothing. Second, that same capacity for public conviction has forced many lawmakers seeking reelection to modify their position or be defeated by an electorate that apparently trusts Reagan, even while demonstrating serious reservations about the suitability of embarking the country upon another war venture. Finally, there is the argument, very convincing in the United States today, that "a communist country in Central America represents a threat to the security of all Americans.")

Internationally speaking, the granting of such aid to the Nicaraguan Contras will result in greater weakness of the Contadora Group (although it is also foreseeable that the main countries in the area, alarmed by this militaristic feeling, might give greater backing to efforts to prevent any outbreak of war) and the obvious strengthening of those who propose driving the Sandinists into the sea. The decision will also stimulate counterrevolutionary groups and hasten their unification, split by problems of leadership and the misappropriation of funds previously granted by the Reagan Administration.

What happened in the House has, more than practical significance, enormous political meaning. The \$100 million thrown into the war effort are no more

than the first drop of water. The Pentagon has calculated that the war effort against Nicaragua will require an outlay of nearly \$10 billion. In other words, the House appropriation is scarcely 1 percent of that enormous figure. But the political significance of the agreement is truly great because it demonstrates the growing unity of feeling between the American Government and Legislature and because it gives Reagan a legal and political platform enabling him to plan his next step.

The approval of the \$100 million is not yet the first step to war. There is still a long way to go before the already planned landing of the 100,000 Marines. But it is perhaps the most important step because it was extremely difficult and because, now that it has been taken, it will ease future actions.

The assistance approved by the House will serve to tell the world of the American determination to put an end to Sandinism and to let the Contras know that there is not only a desire, but also the ability to help to the end. It will also serve to soften American public opinion and prepare the people for future measures. Now that this step has been taken, the next will logically come very soon, probably consisting in the imposition of a quarantine of Nicaragua. It would appear that Reagan is following the scenario well-known to Eisenhower and Kennedy: first of all, aid to the Cuban counterrevolutionaries, followed by quarantine and finally, the invasion.

In the case of Cuba, the final episode went badly for the United States because of poor planning, inadequate information and also John Kennedy's decision not to authorize the use of his country's Air Force. Now, however, things are different, for the United States and Nicaragua. Obviously, there are better conditions for success. There is a strong group of counterrevolutionaries who at the decisive moment will move in from the borders of Costa Rica and Honduras and from the Atlantic Coast. Having a military base called Honduras and the absolute complacency of the new (Social Democratic!) government of Costa Rica might tip the scale. But it may also be that the people of Sandino will unite and bog down the Yankee army in a nightmare repeat of Vietnam. In this confrontation, perhaps what will most help Nicaragua is its historic memory and recalling of a long chain of American interventions culminating in the murder of General Sandino and the enthronement of Tacho Somoza. Then we shall see who wins: guns or spirit.

Rambo or Sandino.

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CSO: 3248/570

GUATEMALA

COMMENTARY ANALYZES 'FAILURE' OF CONTADORA

Guatemala City PRENSA LIBRE in Spanish 13 Jun 86 p 11

[Commentary by Alvaro Contreras Velez in his "Cactus" column: "Contadora Ist Kaputt"]

[Text] According to an AFP cable (Panama, 8 June), "the Contadora group yesterday left it up to Costa Rica, Nicaragua, El Salvador, Honduras and Guatemala to conclude negotiations that have lasted 30 months and that are supposed to end with the signing of a peace and cooperation agreement in Central America. According to Venezuelan Foreign Minister Consalvi, Central Americans will now be responsible for the fate of this process."

The above means, in the language of Goethe and Schiller, that "Contadora ist kaputt." In other words, Contadora is finished; it's had it. Which is news to no one. For some months now it has been predicted that the party would come to this unfortunate end. The spectacular, demagogic show has ended as it began, without achieving anything positive.

As a chronological summary, with data taken from my files, I quote the following remarks from my "Cactus" column to explain why the almost extinct Contadora was hopelessly doomed to failure:

1. "The cardinal reason for my opposition to Contadora's involvement in the search for solutions to the sociopolitical crisis that has brought these countries to the verge of what has come to be called 'the Vietnam of Central America,' is my categorical and ongoing rejection of all outside meddling in problems whose solution is the exclusive responsibility of these five peoples" (16 September 1984).
2. "Contadora's sales pitches are not going to bring peace to Central America, because the Sandinists do not seem to be too fond of the proposals from the Venezuelans, Mexicans, Panamanians and Colombians who are officiously engaged in the task of trying to repair what is more broken down than a cart without axles or wheels" (18 September 1984).
3. It was known as of February 1985 that Contadora was headed towards failure. At that time, Venezuelan Foreign Minister Isidro Morales acknowledged the

salesmen's inability to achieve peace, telling the press that "events in Central America are slipping out of our hands."

"Cactus" remarked with regard to this admission that "as almost 20 million Central Americans can see, the meddling group has not been able so far to control any event in Central America. Ergo, what it never had in its hands cannot be slipping out of them."

4. "Cactus" said on 12 April 1986: "Contadora met with another fiasco between the 5th and the 8th of this month in Panama at the meeting of Central American foreign ministers, the members of Contadora and the support group, whose helping hand has done no good either. After the get-together, 6 June was set as the deadline for signing the peace agreement."

In other words, at this point one could predict with 90 percent certainty that once this nth deadline expired, the letters RIP need only be placed over the crutch-bearing Contadora zombies to declare them legally and completely dead.

5. "If, when things were not yet that serious, Contadora was stumbling around on the field searching for peace, it is even less likely to score a goal now. According to gringo observers, the breakdown among U.S. senators and congressmen for and against intervention looks like this:

Forty percent are in favor of an immediate, crushing attack on Nicaragua. Another 40 percent are inflexibly for "hands off Nicaragua," and the remaining 20 percent are the undecided Democrats and Republicans on whom it will ultimately depend whether there will be war between Nicaraguans and Hondurans" ("Cactus," 15 April 1986).

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CSO: 3248/571

GUATEMALA

CUSG CALLS ON CEREZO TO FIRE MINISTERS

Guatemala City EL GRAFICO in Spanish 1 Jun 86 p 11

[Text] Guatemala City, 1 Jun--"Next week, simultaneously throughout the republic, including in the capital, the Confederation of Union Unity of Guatemala will call for the dismissal of the economy and finance ministers and of the president of the Bank of Guatemala because their actions are not consistent with the interests of the people in connection with the realignment of the economy," stated Francisco Alfaro, the union's secretary general.

The political leader added: "We are asking the president to fire the economy minister. We will do so nationwide next Friday, because he is obviously not analyzing carefully the problem of high prices. If he were to explain that the prices he is authorizing are based on costs, we might accept it even without liking it. But he is simply authorizing the prices of some products and decontrolling others without saying why. He is simply doing it because he thinks that this is a policy or an economic theory. What he should do is look at the reality of the country, the reality of its economy and the economy of its people, and at what costs really are, in order to set a fair price in terms of costs."

The appeal for the dismissal of the economy minister also extends to the finance minister and to the president of the Bank of Guatemala, he added, "because after this must come a long-range policy, and we would rather not live with such erratic and detrimental economic policies over the 5 years of this administration."

"We think that it would be better to change officials before designing a long-range policy that could be as bad as this one."

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CSO: 3248/571

GUATEMALA

DIVISION WITHIN CHRISTIAN DEMOCRAT LEADERSHIP

Rift Outlined

Guatemala City EL GRAFICO in Spanish 1 Jun 86 p 13

[Text] Guatemala City, 2 Jun--The differences between deputies from the ruling Christian Democratic (DC) Party and the party's National Directorate seem to have widened this past week.

Some 13 mostly district deputies have reportedly put their cards forcefully on the table: the party's National Directorate and the cabinet ministers have to accord them their place...and acknowledge their political authority.

Tempers seem to have flared at a meeting this past Thursday among the Christian Democratic bloc, which was attended by several ministers, including the minister of communications and public works. There was reportedly shouting and banging on the table, although top-level leaders deny it. "It's just that some people have louder voices," they explained.

The Origin of the Problem: No Work for the Rank and File

In the departments, ruling party deputies are under very heavy pressure from members and leaders of the rank and file, especially concerning their placement in public sector jobs.

The deputies contend that the ministers "must" inform them about the availability of jobs in each agency so that they can meet the demand of the rank and file. Some ministers and high-level officials comply in part, but others reject such a bid and even toss the recommendations signed by the lawmakers into the trash can.

The requested jobs are often not highly skilled ones: laborers, chauffeurs, doormen, watchmen, etc; others are reportedly higher up on the scale: telegraph operators, teachers...

The health minister, Dr Carlos Armando Soto, was asked to submit one such report on 13 May. He has not yet responded.

The situation has created frictions. The deputies acknowledge as much. Others, keeping a stiff upper lip, feel that what is happening is understandable. "We have to keep in mind that the ministers and high-level officials are under pressure from the president's office, the Secretariat of Social Welfare, the People's House, the party's national directorate...and even their own families and friends," they say.

Thirty Posts for an Entire Department

For example, it was learned that so far 30 miscellaneous posts have been assigned to the department of Quetzaltenango. They are to be distributed by the three Christian Democratic deputies, which means that each can help out only 10 people. Each deputy reportedly has to distribute the 10 jobs at the rate of 1 in each of his constituent municipalities...which is just about nothing!

National Directorate Not Acknowledging the Deputies

"If we are not being accorded our place at home, the ministers are that much less likely to do so," complain the dissatisfied deputies, explaining that the conflict does not stem solely from the problem of public jobs.

"We feel that we are not being accorded our place in terms of office, representation, leadership and authority. The party hierarchy is very much to blame in this regard, because it is a vertical hierarchy that offers others leaders no chance to share leadership," they add.

Several DC deputies want the party to give them a chance to show that they can take part in managing the party's affairs nationwide.

Avoiding a Split at All Costs

Discontent is beginning to manifest itself inside the DC. The group of 13 feels that they could eventually consider some other sort of measure...possibly even a split by the bloc.

"We want to avoid such a rift at all costs because it would harm party unity and the efforts of President Cerezo, who needs a great deal of support. But if they continue with this system of vertical, unshared leadership, the differences are going to remain," they stated.

In conclusion, the dissatisfied deputies wondered: "How are we going to acquire congressional experience if we are not given the chance to participate?"

Background Pinpointed

Guatemala City EL GRAFICO in Spanish 8 Jun 86 p 28

[Article by Carlos Rafael Goto]

[Text] Last week was marked by rumors and reports of a splinter group movement in the ruling party. The acting president of the Congress of the Republic, Alfonso Alonso, reported that the departmental secretaries general

of the DC had decided not to accept instructions on party matters from President Cerezo, Vice President Nicolle Carpio and Labor Minister Catalina Soberanis.

Alonso asserted that the decision in no way entails a split, while the labor minister said that she would resign as adjunct secretary general to forestall any problem stemming from her two jobs that might at some point create frictions or disagreements.

The Historical Reason

To better understand what is happening and what could happen henceforth in the Christian Democratic Party, we should recall that the party has been an elitist group. Its leaders in different eras are perhaps not to blame, though. The reasons have more to do with its lengthy trek over Guatemala's political map. The difficulties it encountered in achieving recognition as a party, internal squabbling and purges, the need to defend itself against onslaughts by other groups and leaders who sought to take over the party organization and, finally, the persecution that it suffered at the hands of Romeo Lucas' administration probably helped to create among DC leaders a bunker mentality, a state of mind conducive to the belief that "whoever is not with me is against me." Be that as it may, the DC is a party that has never offered a real chance for middle-level officials and the rank and file to influence its course. The rebellion of Danilo Rodriguez and companions and later the revolt by Danilo Barillas were movements that began and ended within the top leadership group. And so was the battle between Cerezo and De Leon for the party's nomination, as the position of the members of the Directorate outweighed direct consultation with the party.

This hallmark of the DC made itself evident in the party's moves immediately after the 1974 elections, when it decided on a specific course of action without consulting its allies (it is only fair to acknowledge, however, that the attempts by the DC leadership to protest the fraud were greatly undermined by the negotiations that the FUR [United Revolutionary Front] undertook on its own to salvage the mayor's office in the capital), and subsequently in 1978 when the leadership imposed Rene de Leon Schlotter as the party's vice presidential candidate, ignoring the wishes of the presidential candidate himself, Ricardo Peralta Mendez.

The DC is a closed party, and although its top leadership echelon is in constant contact with the intermediate level of the organization, it is not influenced by its opinion. As time has gone by, the names of the leaders have changed, but not their style. In the 1960's it was De Leon Schlotter, Barillas, Gehlert Matta, Gabriel Aguilera and two or three others who were giving the orders. In the 1970's it was only De Leon along with Barillas, Cerezo and Cabrera, and in the 1980's, when the party finally made it to power, Cerezo, Cabrera and possibly no one else are the men in charge. With the passage of time, the top echelon, far from becoming more democratic and broadening, has shrunk.

Background to the Convention

One of the reasons for the splinter group movement is that the national leadership has renounced the spirit and letter of the ideology and policies that the party has for decades represented. At the recent national convention, "the people in the photograph" were jolted when one of the most highly respected leaders, Enrique Villar Aceiturno, rebuked them for what many convention delegates thought was a change of course. "You have sold us out to the wealthy and to the military," was a shout heard at the convention. The upheaval soon quieted, and in the end it all seemed to have been a tempest in a teacup. But as we can now see, the incident was just a preview of what was to come.

The Reasons for the Dissatisfaction

Some observers say that the protest movement began and is limited to the bloc of deputies and that it has not (yet) permeated the entire party structure. The congressmen are unhappy because in spite of the decisive role that their docile attitude played in the passage of the so-called Economic and Social Realignment Plan, they have been rewarded only with scorn and rebuffs from cabinet members, especially their fellow Christian Democrats. The finance minister is said to have kept deputies from his party waiting for more than 2 hours on more than one occasion, only to eventually send in his secretary to tell them that "the minister is very sorry but he will not be able to receive you because he's very busy." The communications minister has been reproached for the same attitude. Some ministers have defended themselves against these charges by arguing that the deputies come only to request jobs for friends and relatives and that most of the people they recommend do not meet the minimum requirements to insure that they will do a good job.

Others assert that the dissatisfaction goes far beyond the bloc of 51 deputies and is already noticeable among the rank and file activists, who feel that party leaders, especially President Cerezo and Secretary General Cabrera, have altered the party's course too much and that with the economic policies they are pursuing are turning the DC into a markedly rightwing group. The ranks of DC activists, we should recall, have been swelled by former FUR affiliates and, to a lesser extent, by members of the Revolutionary Party. In recent years the party may have moved to the Center-Left, in contrast to the pragmatism of the leadership, which understood that if they ever wanted to take office, they would necessarily have to negotiate with the power blocs, which inevitably led them to a conservative approach that is at variance with the sentiments of their rank and file and voters.

To the above reasons for the discontent (the shift to the right, no say in the distribution of posts) we could add a third: the possibility that party activists, worried about the government's obviously weak grassroots support, are trying to split from the ruling party in a bid to salvage its image, which has been seriously tarnished by the administration's direction.

A Ploy?

There are also those who assert that the entire movement reported in last week's newspapers is just a skillful ploy by President Cerezo. In an effort to right his ship and pursue fiscal and economic policies (tax reform, economic crimes) that are more in keeping with the people's needs, he is allegedly putting forth the party as a group that can pressure the administration itself. According to those who espouse this theory, the president realizes that he has lost much popular support and that at this point he does not enjoy the sort of confidence within labor that would enable him to promote protest movements against certain administration officials and policies. He has thus decided that his own party should start pushing for certain changes. This would not only give him much needed political support; it would also enable him to salvage the party's battered image and win back its unhappy activists. If this hypothesis is accurate, in the immediate future we will probably witness Christian Democratic demands for the removal of certain ministers, especially the economy minister, demands that the president would be "obliged" to meet. The same would happen in connection with the battle against corruption and smuggling.

There are thus two faces to this movement. One is the true face of a struggle by the rank and file against unpopular ministers, whose dismissal would give the administration and the president some much needed breathing room. The other is the false face of internal squabbling that has never really existed.

Because the events in question are so recent and because the data to be analyzed are scant, we might not be able to carry the analysis any further. We can assert, however, that the regime's conservative drift, its pursuit of neoliberal economic policies and the top echelon's opposition to the rank and file's ambition for a more influential role in the machinery of government have fostered some discontent. We can also assert that the president, in the face of declining grassroots support and the crisis triggered by the inactivity of certain ministers, might be thinking about turning his party into a pressure group that could give him enough maneuvering room to make the necessary changes. The manner in which the conflict is settled will, of course, affect the future course of the administration itself. We can thus hope that the upshot of the crisis is greater democracy within the party and a change in the mistaken course of certain government policies. However, if it all turns out to be just a scramble and a preview of the battle for the presidential nomination, then the process of democratization and the country will be seriously hurt and the government's chances of success even slimmer.

Reorganization Proposed

Guatemala City EL GRAFICO in Spanish 24 Jun 86 p 12

[Text] Guatemala City, 24 Jun--The Christian Democratic Party will seek to make up the ground that it has lost owing to the wear and tear of its first few months in office and to the serious internal conflicts that have arisen in recent days.

This can be gathered from the statements made by the secretary general of the ruling party, who gave assurances that the DC is on the verge of undertaking a "national reorganization plan" to "revitalize" its political support.

The ruling party leader said that all Guatemalans who so desire can take part in this recovery plan, inasmuch as it is a grassroots organization project that will be run by all of the members of the party's National Directorate.

In recent days a good many deputies who were elected to Congress on the DC ticket have raised the possibility of leaving the ruling party because party leaders and government officials have been slighting them.

Moreover, there is appreciable unrest among the rank and file over the DC's failure to keep many of the campaign promises it made, especially regarding jobs.

It has been learned that the ruling party has hired professional polling services to gauge the popularity of the party and the president. The findings of such research may have influenced the decision to undertake a full-fledged "revitalization" campaign, as the party's secretary general, Professor Alfonso Cabrera, described it.

The frustrated deputies have reportedly set a deadline that expires on the 30th before deciding whether to set up an independent bloc in Congress.

[Box, p 28]

The following figures represent and embody the three main wings of the ruling party. First there is President Cerezo, who supports the labor minister, with the acting president of Congress, Alfonso Alonso, offering his partial support. Another wing is headed by Secretary General Cabrera, who is currently allied with President Cerezo but whose eventual position could change substantially depending on whether Cerezo supports his presidential candidacy. Battling alongside him are Demetrio Moliviatis, Mario Valenzuela (INFOM) and others.

The third wing is still headed by Development Minister Rene de Leon, who has the firm support of Ricardo Gomez and Rodolfo Maldonado.

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GUATEMALA

MINISTRY EMPLOYEE QUILTS OVER DCG HIRING PRESSURES

Guatemala City EL GRAFICO in Spanish 9 Jun 86 p 12

[Article by Hugo E. Barrillas H.]

[Text] Guatemala City, 7 Jun--Miss Maria Teresa Fonseca Santamaria, who was an employee of the Education Ministry, visited our offices to explain why she resigned from her post in the ministry.

Miss Fonseca said that she worked as a professional aid in the Personnel Section of the Education Ministry.

She added that in recent days she had been under heavy pressure from Christian Democratic deputies to hire teachers who had stumped for the party during the recent campaign.

Miss Fonseca said that a series of irregularities had cropped up, over the past few days in particular. For example, a deputy from Alta Verapaz handed in about 30 teachers applications. When she reviewed the applications, Fonseca found that three of the candidates had failed the evaluation exam for bilingual teachers and that the rest had not even been evaluated; therefore, they could not be appointed. The deputy insisted, however, that he did not care and that they should be hired because they belonged to the party.

Similarly, a deputy from Chiquimula wanted someone he recommended to be hired even though he had not been evaluated and did not meet the minimum requirements for the job.

In light of these developments and also in solidarity with Eugenia Hernandez, Miss Maria Teresa Fonseca submitted her letter of resignation on 4 June, requesting that it take effect on 1 July.

In her letter of resignation to Eugenia Hernandez, Miss Fonseca indicates: "I feel obliged to submit my irrevocable resignation from the post of professional aid two. My principles do not allow me to become an accomplice to such outrages."

Miss Fonseca concluded by stating that Christian Democratic deputies and other prominent members of the party have been exerting heavy pressure. She also indicated that the new section chief, Leticia Molina, was not legally appointed to her job.

GUATEMALA

DISAGREEMENT OVER AGRARIAN REFORM NOTED

Expropriations One Solution

Guatemala City PRENSA LIBRE in Spanish 10 Jun 86 p 4

[Excerpts] Father Andres Giron yesterday officially called on the Ministry of Agriculture, Livestock and Food to expropriate the estates of well-known industrialist Raul Garcia Granados so that they can be divided up and apportioned among the peasants along the southern coast.

Father Garcia Granados, who is known for the peasants march that he recently organized from Nueva Concepcion, Escuintla, met yesterday with Agriculture Ministry authorities to formally request the expropriation.

The priest told newsmen that he had "come to the city in search of answers, to see what sort of solutions are being developed for the acute land problem, for which President Cerezo set a 30-day deadline at the time of the march."

"We have pointed out several estates that the government could buy," he emphasized. "We were talking about Mr Garcia Granados' estates. We wanted to see whether these pieces of real estate could be acquired by the peasants, but we realized that they were too expensive."

"Garcia Granados' real estate holdings are very expensive; as far as we know, they are valued at more than \$30 million.

"We have asked that the estates in question be expropriated and distributed among the needy in the southern region.

"At this point we want President Cerezo to give us specific answers. We don't want to be deceived, because they are thousands of families that are clamoring for a plot of land to till."

Estrada Negative

Guatemala City PRENSA LIBRE in Spanish 11 Jun 86 p 2

[Text] "The second shipment of fertilizers to aid the country's small and medium-sized farmers will be arriving within 60 days," the minister of

agriculture, Rodolfo Estrada Hurtarte, announced yesterday. In this regard, he said that he is working on a quote for 700,000 quintals, which will provide greater coverage than in the previous season.

Land Distribution

As far as the handing over of land to peasants is concerned, Estrada Hurtarte indicated that the government's view is that the available estates ought to be farmed in partnerships so as not to foster tiny farms.

"As one of the solutions to this problem, we selected 159 privately owned estates that the owners were interested in selling so that landless peasants could till them."

With regard to the requests for the expropriation of the holdings of Raul Garcia Granados, a former adviser of Lucas Garcia, the minister said that the lands are controlled by foreign banks and are unaffordable, as they are valued between \$18 and \$30 million.

Difficulties Outlined

Guatemala City PRENSA LIBRE in Spanish 13 Jun 86 p 11

[Commentary by Lucy Martinez-Mont: "Agrarian Reform"]

[Text] A handful of potbellied oligarchs who are insensitive to the poverty of farm workers have cornered immense tracts of idle land...Some day, murderous hordes of hungry peasants will rush, machetes in hand, at the intruders who stripped them of the land of their ancestors...Such cliches would befit the introduction to a local-color novel or a speech by a candidate from the inflammatory Left. The fantasy of novels and stirring demagoguery are out of place, however, in the search for serious solutions to the problems of the countryside.

The resurgence of the debate on land tenure, with the same well-worn arguments, suggests that the new bands of social reformers are unfamiliar with the document "Land and Labor in Guatemala." This well-reasoned study was drafted for General Rios Montt's government by a team of highly skilled American experts. The document starts with the Agrarian Law of the 1950's, evaluates the land distributions over the past three decades and analyzes the possibility of awarding parcels in fee to the millions of Guatemalan peasants who are still tilling others' land. These are some of its conclusions:

1. It is untrue that there are huge tracts of idle land in Guatemala. In 1982, 97 percent of the arable land was under cultivation and being efficiently farmed.
2. Contrary to popular illusion, the northern transverse strip and the Peten are not a virgin reserve of arable land. The lands there are predominantly swampy or karstic, with a high degree of erosion. The investment needed to irrigate and reclaim them for colonization and farming purposes would not be justified from either a technical or a financial standpoint.
3. Almost all the land available for distribution is so poor that a parcel large enough to feed a family would be too large for a family to

farm. 4. To award a minimum parcel to just 23 percent of landless families, vast expanses of forests would have to be sacrificed, posing a serious threat to fragile ecosystems and natural water deposits. 5. Even with massive subsidies, long-term, no-interest loans, free technical assistance and absolute honesty in the management of funds, the parcels would generate a lower net family income than peasant families earned on estates in 1982.

I should emphasize the sort of preconceived notions that gave rise to the study "Land and Labor in Guatemala." Both the Agriculture Ministry under General Rios Montt and the American agency that sponsored the study thought that a large-scale agrarian reform was not just advantageous but urgently needed. Far from corroborating this hypothesis, the experts hired by the U.S. agency demonstrated that in Guatemala's case an extensive land reform program would heighten poverty in the countryside.

Furthermore, I should underscore how silent domestic experts have been about the document. The study was widely publicized in late 1983 and early 1984. PRENSA LIBRE's Economic and Financial Supplement published a summary of its conclusions. Another summary appeared in the magazine of the Guatemalan Farmers Association. Nevertheless, to date neither the National Institute of Agrarian Reform nor the Agriculture Ministry nor the impassioned self-styled reformers have refuted the conclusions of Land and Labor in Guatemala. We must infer, therefore, that the conclusions are valid.

The frivolous arguments of well-educated citizens foster impossible dreams in the minds of simple country folk. I would recommend that rather than propagate harebrained ideas, the champions of the peasants find out how long and wide Guatemala is, with or without Belize. Then, I would recommend that they contrast this piece of information with a peasant population that is growing at a rate of more than three percent a year and that will presumably double in two decades. This simple arithmetic exercise would suffice, I think, to cast into oblivion all of the myths and fallacies that have plagued the debate on land tenure.

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GUATEMALA

PRIVATE SECTOR, GOVERNMENT IN NEW EXPORT COUNCIL

Goals Outlined

Guatemala City PRENSA LIBRE in Spanish 20 Jun 86 p 2

[Text] Four basic proposals having top priority have been proposed by the National Export Promotion Council (CONADEX), whose founding document was signed by President Vinicio Cerezo yesterday.

The new organization, made up of officials from the government and private enterprise, will try to consolidate the efforts of both sectors in order to promote and diversify Guatemalan exports.

"The creation of this Council culminates a first phase of joint efforts made by the government and business, whose common purpose is to contribute to the economic and social strengthening of the country," said the minister of economy in presenting the agreement.

On behalf of the Business Chamber of Guatemala, Jorge Briz said that "each day, Guatemala must be less dependent and more self-sufficient in order to prevent the lamentations that are often heard whenever there is unfair trade."

The signing of the agreement was witnessed by several government officials and representatives of private enterprise, brought together in the Business Chamber.

After signing the agreement, President Cerezo emphasized the suitability of "putting a little good will in achieving the revival of the country and the general welfare, which will be gained at the least cost without confrontations of any kind."

"That is why," he said, "I am happy and hope that it (CONADEX) will be an example showing that with private enterprise and with the social and political organizations and other sectors of the population, we can sit down and discuss our differences and find points uniting us rather than setting us apart."

The four proposals have to do with the identification and analysis of the problems and limitations of exports and the corresponding choices of solutions; the creation of a single outlet for exports; a national program to promote and

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develop the "drawback" industry; and the drafting of the national plan to promote and develop exports.

CONADEX is made up of the ministers of economy, public finance, agriculture and foreign relations, the president of the Bank of Guatemala and five representatives from the private sector (agriculture, finance, tourism, cooperatives, industrial and commercial).

The group will operate at the highest levels for the purpose of proposing a national policy to promote, develop, diversify and increase exports and ensure implementation and execution.

The signing of the document in the banquet room of the National Palace was witnessed by Lizardo Sosa, minister of economy; Rodolfo Paiz Andrade, minister of finance; Rodolfo Estrada, minister of agriculture; and Mario Quinones Amezcuita, minister of foreign relations.

Representatives of the private sector included Teddy Plocharsky, from agriculture; Alvaro Castillo, industry; Alejandro Botran, finance; Peter Lamport, commerce; and Andy Rogers, tourism.

Move Viewed as Positive

Guatemala City EL GRAFICO in Spanish 21 Jun 86 p 15

[Editorial: "A Big Mistake Corrected"]

[Text] With the founding of the National Export Promotion Council, the current government is correcting the terrible mistake made by the de facto government of Gen Efraín Ríos Montt in halting the operation of GUATEXPRO, a joint institution designed to promote the country's exports which had a board of directors made up of representatives of private enterprise and the public sector. When it was shut down, GUATEXPRO was doing an excellent job of promoting our products abroad, for it had permanent offices in the Dominican Republic, Miami and other major cities and countries of the world. With the closing of GUATEXPRO, Guatemala was left without an organization to promote exports and lost an extremely valuable specialized bibliography and archives. What is worse, it lost a series of contacts, experiences and communications that were already established and as a result, many of the markets used were irretrievably lost, with the ensuing loss of foreign exchange for the country.

Now that the government of President Vinicio Cerezo has decided to found an institution again devoted to promoting exports, it will be necessary to go over much of the distance traveled in the past. This means that it is of extreme importance that the public sector has decided to follow the pattern of GUATEXPRO and join with the private sector on an equal footing on the board of directors, enabling the budding institution to function on a level where it may promote and determine a true national export promotion policy, develop those already existing and plan the diversification of products to be exported. It will search out new markets for our traditional and

nontraditional products, thereby contributing to an increase in foreign exchange revenue and strengthen Guatemala socially and economically.

Within the new export institution, a place of honor goes to the Business Chamber of Guatemala, an institution in the private sector which since its founding has marked out the goal of seeing Guatemala once again have an organization promoting exports. That is why it is worthy of praise that the government has entrusted it with the task of naming the five representatives of the private sector to serve on the board, for being a multisectorial institution, as the Business Chamber is, it will be able to include representatives of the agricultural, financial, industrial, tourist and commercial sectors. Protecting the interests of the government will be the ministers of economy, finance, agriculture and foreign relations, as well as the president of the Bank of Guatemala. Without any doubt, such a specialized team of professionals and experts will have to yield positive fruits for the country, which will soon see the opening of new roads and markets for our products, precisely during a time of crisis in which the motto of everyone should be to produce, produce and export, since only with foreign exchange can we buy the medicines, raw materials and equipment needed to put Guatemala on the road to progress.

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CSO: 3248/570

GUATEMALA

ARCHBISHOP STATES EVANGELICAL SECTS 'AGGRESSIVE'

Grievances Outlined

Guatemala City PRENSA LIBRE in Spanish 17 Jun 86 p 3

[Text] The Catholic Church is being provoked by fundamentalist evangelical sects that receive foreign financing for their organization, Monsignor Prospero Penados del Barrio, archbishop of Guatemala, said yesterday.

The archbishop was asked about the public report made by Centrist Deputy Jose Garcia Bauer, who claimed that the Agency for International Development (AID) was financing the proliferation of evangelical groups in Guatemala and that that same institution had distributed several thousand dollars for the purpose of deleting from one of the provisions of the constitution a phrase referring to the social function.

Penados del Barrios said that he "would made no statement whatsoever about the case of Garcia Bauer because he would first have to talk with the deputy in question in order to learn his views concerning his reports and whether they refer to the Church.

"The Church," the official said, "is very respectful of religious beliefs and every man is free to worship God in keeping with his own conscience, based on how he was raised and the environment in which he was raised. We do not interfere in this.

"What does concern us is that there has recently been a proliferation in Guatemala of what are called free religions or sects known as fundamentalist and which are very aggressive. These groups insult and offend other religions, especially the Catholic Church.

"They are provoking us; that is perfectly clear. One hears insults directed at Catholics in some evangelical churches, not all. I am referring to the most recent sects springing up in Guatemala, groups of independent religions which, since they have no set morals or body of doctrine in order to gain followers, set about speaking evil of others.

"They attack the Catholic Church a great deal, even disturbing the public order. For example, on Sunday, evangelists with big loudspeakers stand in

the public square and start shouting. I can hear them from my bed. They no longer even respect one's private life.

"That is disturbing the peace. Why should I be forced to hear people shouting about other religions? Those shouting religious fanatics say every Sunday that 'the world is coming to an end, that the Lord is coming to judge us.'

"This bothers people and in order to prevent abuses such as these, the government should take action to protect the public order.

"We respect the different religious groups, but they should practice in their own place, without bothering others.

"I cannot prove it, but we believe that such sects do have a great deal of foreign financing. In very little time, they build churches, bring in sound equipment and a paid pastor soon arrives.

"These sects help disturb the social order because they divide the community. A person who joins such a group no longer wants anything to do with the others, not even just to cooperate, because they are not his group.

"There are suspicions that they receive economic help from the outside, but from where? We do not know."

De Leon Seeks Reconciliation

Guatemala City PRENSA LIBRE in Spanish 22 Jun 86 p 2

[Text] "In Guatemala, a new confrontation began a few days ago between the Catholic Church and the evangelists. It could bring about a religious confrontation of incalculable consequences," Ramiro de Leon Carpio, deputy secretary general of the National Center Union, said yesterday.

"When the problem occurred between the press and the Congress, I described the incident as harmful to the democratic process. Now we once again have to face an even more dangerous confrontation," he added.

"The archbishop, Monsignor Prospero Penados del Barrio, has reported a provocation by the Alliance of Evangelical Churches of Guatemala through its president, Reverend Guillermo Galindo.

"For its part, the United States contradicted Monsignor Penados del Barrio and denied that the American Government finances such evangelical groups through AID.

"All these controversies confuse the people, make them fanatical and could cause a religious war that would harm the country and the people of Guatemala, which has grave suffering," he added.

"Our country is going through the worst economic crisis in its history and recently began a new system of democratic life. Consequently, the situation cannot bear confrontation of any kind, much less religious.

"Guatemala needs its children to observe brotherly, Christian conduct. The pastors are required to promote this kind of life in order to achieve peace," he said.

"Encouraging a war between brothers means moving away from the mission of the churches. Under a state of law, we must obey the law and respect the ideas of others, as well as their beliefs, based on the constitution of the republic.

"It is time to learn to live together in peace, to respect one another in order to save the country. That is the challenge that must be met by the leaders of Guatemala, in all areas," De Leon Carpio concluded.

Equal Treatment Sought

Guatemala City PRENSA LIBRE in Spanish 17 Jun 86 p 10

[Text] For some time now in Guatemala, a continuous struggle has been waged to win over the souls of Guatemalans. The struggle has gained in intensity and begun to cause friction whose consequences cannot be foreseen.

At different spots in the city, Sundays bring out groups of indoctrinators who teach children and adults their special way of interpreting the sacred scripture, particularly orienting them in making decisions on life.

As some persons know, there has always been a profound discussion about whether or not it is morally right to deprive children of the possibility of making their own decisions when they reach the age of reason. Does an adult, and particularly a foreigner, have the right to take control of the hearts and minds of Guatemalan children when those children still do not possess complete discernment? For some, the answer is simple: Adults not only have that right, but in addition, the obligation to do so. But for others, it is a violation of the right of conscience because one is limiting the possibility of men freely following their beliefs.

That is, in the final analysis, a discussion in which we do not wish to participate. But what is true is that the competition to win souls is creating ever greater friction between Catholics and Protestants, especially since Guatemala not long ago had a president who said that he had come to the post "by divine right" because, in his opinion, only God gives authority and only He can take it away.

After the commotion caused by the "born again" Guatemalans, Catholicism is facing an ever broader challenge from the so-called Christian denominations, whether fundamentalist or evangelical.

The Catholic Church reacted yesterday through metropolitan Archbishop Prospero Penados del Barrio.

That high ecclesiastical official said that the Catholic Church is being provoked by fundamentalist evangelical sects.

According to the archbishop, the evangelical groups receive considerable foreign financing and although he does not mention the country that is the source of the dollars which the "fundamentalists" spend, it is thought that he meant the United States.

What is most worrisome, the archbishop says, is that there has been a recent proliferation of all the free or fundamentalist religions which, in his opinion, are very aggressive and whose custom it is to offend other religions, especially the Catholic Church.

We are being provoked. That is very clear, says the archbishop. On Sunday, the evangelists set up shop in the public square and begin their shouting, equipped with powerful loudspeakers. Their cries go as far as the bed where Monsignor Penados del Barrio sleeps or tries to sleep.

The leader of the Catholic Church maintains that this practice of the "fundamentalists" is a lack of respect for private life and a violation of the norms guaranteeing the public order.

Monsignor Penados del Barrio's statements represent a challenge to the Ministry of Government because that is the party responsible for maintaining the public peace. A ban on loudspeakers and any other sound equipment would be something welcomed by all those subjected against their will to the noise of religious propaganda that violates one's biological tranquillity and, to a certain extent, freedom of conscience. But the ban or action which the archbishop is asking for must be equal and without exceptions.

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CSC: 3248/574

GUATEMALA

BRIEFS

CUSG DENOUNCES GOVERNMENT INTERVENTION--At a press conference yesterday, officials of the Confederation of Guatemalan Trade Union Unity (CUSG) denounced the strategy being implemented by some groups to try to break the trade union organization of independent organizations. The labor leaders distributed a copy of a document entitled "Planned Rural Organization" that points up the leading role played in this aim by the Guatemalan Institute of Studies and Social Training (IGEFOS), whose director is trade union leader Julio Celso de Leon, and the Ministry of Development. The document explains that "with the backing of the Ministry of Development, the Rural Organization has been programmed on a national level. For this purpose, specialized promoters have been hired for the establishment and formation of rural trade unions, farm leagues and agricultural communities." "Most of the trade union federations are planning to go into action, with the exception of the Confederation of Trade Union Unity and the Independent Farm Movement," the document states. At the same time, the secretary general of the CUSG, Juan Francisco Alfaro Mljangos, said that the Ministry of Labor and Social Welfare is boycotting the country's trade union movement, adding that by means of this policy, trade union freedom is being restricted and distorted. "This is demonstrated solely by the indifference which that ministry has shown toward 62 applications from the same number of unions requesting authorization to be able to operate, since none of them has received any response," Alfaro said. [Text] [Guatemala City EL GRAFICO in Spanish 26 Jun 86 p 10] 11,464

CSO: 3248/570

NICARAGUA

MINISTRY ORDER SHUTS DOWN LA PRENSA

Managua BARRICADA in Spanish 27 Jun 86 p 5

[Ministry of Interior communique issued in Managua on 26 Jun 86]

[Text] Communique

The Communications Media Office of the Ministry of Interior informs the people of Nicaragua:

1. That the immoral allocation of \$110 million by the North American administration for the counterrevolutionary forces represents the continuation of the war of aggression, now declared, which has been encouraged, defended, and even further, masterminded within our country by certain antipatriotic sectors.
2. That while our people are accelerating their efforts to confront and defeat the imperialist aggression, which has brought death and destruction to the population of Nicaragua, the daily newspaper LA PRENSA, acting as the spokesman of the aggressive power's interests, has been stepping up its level of provocation and disinformation, seeking thereby to justify the North American aggression and denying the value of the Contadora Group as the sole solution possible for establishing peace in Central America.
3. That the daily newspaper LA PRENSA has not at any time met its social, ethical or professional responsibilities, and has not served as the reflection of the common goals of Nicaraguan society, which is its duty to the people as a media organ.
4. That in repeated fashion, the newspaper has violated and failed to respect provisions set forth by this office, proceeding to reproduce and distribute specifically unauthorized material.
5. That despite the preventive warnings issued to the editors of the newspaper LA PRENSA, they have continued to maintain an attitude characterized by disrespect for and disturbance of public order and security.
6. That because of all of the above and in accordance with Decree No 130 dated 31 October 1985 and Articles 1, 2 and 3 of the General Provisional Law

on the Communications Media and Articles 42, 43 and 46 of the regulations governing that law, this office has decided to suspend publication of the issues of the daily newspaper LA PRENSA for an indefinite period.

City of Managua, 26 June 1986

Communications Media Office
Ministry of Interior

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NICARAGUA

PROBLEMS ENCOUNTERED BY SANDINO FOUNDATION DESCRIBED

Managua BARRICADA in Spanish 8 Jul 86 p 4

[Text] What role does the Augusto Cesar Sandino Foundation (FACS) play in securing foreign cooperation? We talked with Edwing Zablah, the director of the FACS. For a moment, it seemed that he did not see our questions as very important, because as he met with us, he was pacing his office with a plastic swatter in pursuit of flies. But this impression passed. Zablah forgot the flies and turned to our concerns.

"This is like a spider web. From the time of its founding, the FACS lacked the internal organization which would enable it to deal with the whole sum of cooperation. Then came the crisis and it began to lose prestige, but in 1985, an advance was made and a process of consolidation began, although we still have an ebb and flow," Zablah began by saying.

There was considerable collaboration in 1980 and 1981, but due to its internal shortcomings, the FACS was not able to exploit it fully. Along with this situation, the mass organizations were not properly developed, and this too had an effect on the matter, he added.

"Many mistakes resulted from the fact that money was solicited for a given project but was invested in something else. The needs multiplied, and it was a question of meeting those which could be met."

Improper Priorities

"The mass organizations began to solicit help on their own through bilateral agreements. Each body obtained what it wanted and could, interpreting the priorities of the revolution on the basis of the interests of that sector," the FACS director said.

Within the FACS there was confusion, waste and various interpretations of the priorities, as well. The foundation defines itself as a nongovernmental, private nonprofit organization. Little by little it was becoming a miniministry, with excessive personnel and a high budget, and it was not achieving what its responsibilities required of it.

As a part of this heritage of confusion, the FACS has at present a modern automatic telephone system featuring classical music. This system has more than 20 extensions, while the foundation staff totals 44. In other words, there is an average of one telephone for every two workers.

"When I arrived at the FACS, I faced a hair-raising shock. We were talking about a survival economy, while we had inherited a beautiful telephone system," Zablah recalled.

Concerning the fleet of vehicles, this official said that the greater part had been distributed among the regions where there are FACS offices, with a minimum remaining in Managua. There are two Toyota Cressidas there for local business use.

This official said that the FACS, adopting a paternalistic attitude, had taken for itself or sold to employees a part of some donations. If a donation came for a women's group, for example, it was reviewed and a part kept at the foundation and the balance distributed.

The FACS began to lose the confidence of some of its outside collaborators. Its prestige dwindled, and the expectations with which it was established some months after the revolutionary triumph collapsed, Zablah admitted.

Complaints and criticisms began to come from the cooperative workers representing their organizations in Nicaragua. There are complaints about problems which occurred in 1981 which are still having an effect on the functioning and willingness of bodies voicing solidarity with the revolution in 1986.

Reorganization of the FACS

Progress was made in the development of the FACS, and beginning in 1985, a real process of internal consolidation was launched. Personnel was cut by 35 percent, the goals of the foundation were reasserted, and work was begun on an organizational plan.

The budget was also reduced, and efforts began to be based on a single national plan, "which is our guide in establishing priority for the implementation of projects." Although the FACS is a nongovernmental organization, "We are governed by the priorities of the revolution, because the revolutionary project is to benefit the people. It is hard for many foreign nongovernmental organizations to understand our position, but our guide is the national plan," Zablah said.

Many foreign organizations operate in their own countries independent of their governments, and that is why they do not understand how a private organization like the FACS in Nicaragua can work along the same lines as the revolutionary government.

"But we still have our ups and down," this official said. "The FACS has embarked upon a policy of norming foreign cooperation, but even the Ministry of Foreign Cooperation has not been able to achieve this.

"There are foreign bodies which are not allowed to work with the government; some of our mass organizations still do not see the FACS as an institution specializing in obtaining aid; and there is still no coordinating element which can put order into this situation. Things have slowed down a little, but there is still confusion."

Coordination Lacking

Zablah expressed regret that the advances have not been understood by some sectors. "They do not see the Foundation as something of their own, but fear it, as if it were a straitjacket, an obstacle which will prevent them from carrying out their projects."

If the mass organizations do not participate in the drafting of projects, no institution can do this on its own account. The lack of confidence is logical and understandable, but they (the mass organizations) must self-critically recognize that they have their shortcomings, and that they should not blame everything on the FACS.

The director of the FACS said that the structure is ready, and that the concept of "windfalls" is a thing of the past. He warned that if anybody is not prepared to justify a payment, it will not be possible to act as in the past, because there must be an accounting to the donating body.

Without underestimating the management capacity each body may have, Zablah said that the intention is to control the cooperative aid reaching the country and to channel it to proper uses.

Initial Controls

At least 89 projects under Foundation control are in the planning stage. Another 81 are in the development stage, 101 are being implemented in various regions of the country, and 30 are being managed by the mass organizations on the basis of bilateral agreements.

In the past 6 years, 300 projects have been carried out through the Augusto Cesar Sandino Foundation, and currently there are 205 active worldwide contacts on which the FACS is counting for cooperative aid in the near future.

Among the projects with the greatest social impact currently being developed (under FACS control), one has to do with the care of individuals displaced by the war in El Rama, with the support of Socialist Solidarity in Belgium.

There is also the Sandino Lives Project, on which a miniconsortium of solidarity organizations in Norway, Denmark, France, Italy, Belgium and other countries is working.

Cooperative Social Project

The Sandino Vive Project has as its goal the integral development of 45 cooperatives located in Region I and reorganization to provide peasant families with better access to social services such as health and education.

This is the first time that various nongovernmental organizations have joined together to sponsor a project which will have a great impact in the zone. They began work in October of 1985, and are divided by zones. For example the organizations in the Nordic countries are at work in Miraflores, those in France in San Juan de Limay, and those in Belgium in La Trinidad.

Despite the fact that there is no strict control over the collaboration among the nongovernmental organizations functioning in Nicaragua, Edwing Zablah said that "They have contributed to the changes which the revolutionary government is sponsoring in the country."

At a minimum, about \$12 million has been allocated for financing and technical aid projects by nongovernmental bodies in the past 6 years. And this is only the cooperative effort handled by the FACS.

Concerning future plans, the director of the Foundation said that in principle, "We are establishing order internally. We have done away with the 'windfall' concept, have redistributed our excess office equipment, and have reduced our personnel by 35 percent. And we are trying to work on the basis of precise goals in order to achieve our overall objectives.

"We are making decisions the results of which may perhaps be seen in a few months. We want to show by deeds that we can be, and we also want to be allowed to be, flexible."

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CS0:3248/561

BRIEFS

CUBAN MEDICAL SEMINAR--The first Cuban medical conference was held at the Politechnical Health Center yesterday. There were 40 scientific-medical reports presented. The regional health director, Dr Fulgencio Baez, said that this scientific-medical research work has already been utilized in the country, making a contribution to health in our Nicaragua. By way of example, he mentioned a work on radiology, which has been applied in norming the X-rays of patients who are to undergo surgery. This has made savings in foreign exchange and time possible, the doctor said. He added that these seminars represent a Cuban and Nicaraguan effort to resolve health problems in both nations. At the inaugural session, Dr Jose Revilla, head of the Cuban Medical Brigade, spoke on the quality requirements for work in health care of the population. At present, some 200 Cuban health workers are in Nicaragua rendering service. About 150 Cuban and Nicaraguan doctors participated in the seminar. [Text] [Managua EL NUEVO DIARIO in Spanish 6 Jul 86 p 7] 5157

CSO:3248/561

PARAGUAY

OPPOSITION VIEWS BRAZIL'S ROLE IN DEMOCRATIC OPENING

Sao Paulo ISTOE in Portuguese 9 Jul 86 pp 72-75

[Text] If the guard on duty at the presidential palace in Asuncion were to slip on a banana peel and fire his gun accidentally, the killing would begin in Paraguay. Such is the dominant feeling among almost all Paraguayans--opposition, ruling faction, church, workers, unemployed, businessmen and the very nucleus of power, where Generalissimo Don Alfredo Stroessner Matiauda, now 73 years old, has held sway for more than three decades. This country is living through a tense and previously unknown political and economic crisis: political because it is inevitable that Stroessner's reign--32 years of implacable and corrupt dictatorship--is near its end; economic because the dollar factory sponsored by Brazil throughout 8 years of construction work at the Itaipu hydroelectric project has dried up. It is calculated that from 1973 to 1981 nearly 2 billion dollars officially entered Paraguay thanks to Itaipu, which was responsible for an apparent development boom and a not always disguised boom in corruption.

No one wants or is able to prepare himself to live without Stroessner. And without the dollars from Brazil, there is no way to keep pacified an elite group of leaders who have become accustomed to buying everything--influence, power, comfort and impunity. Before some armed klutz in the presidential palace sets off an uncontrollable process of violence in the struggle for power, more or less radical opponents, each with his own story of persecution, are awaiting an improbable gesture from Brazil so that the country can find a way out of the impasse and the dictatorship. "Stroessner will only abandon power if there is outside pressure," predicts Aldo Zucolillo, the 56-year-old owner of the newspaper ABC COLOR, which for 2 years has been forbidden to publish by order of the generalissimo (see interview.) "If Brazil applied half the pressure that the government and press of Argentina are applying, democracy in Paraguay would be closer," states Humberto Rubin, 51 years old, arrested dozens of times and victim of two recent attempted assassinations at Radio Nanduti, which he founded in 1962. Today, it is the only radio station opposed to the regime in spite of the frequent and mysterious interference that it suffers in its transmissions. "The New Republic has not arrived in Paraguay yet. The Brazilian ambassador in Asuncion is a general, Mario de Mello Matos, named during the Joao Figueiredo government," complains the president of the opposition People's Colorado Movement (MOPOCO), Waldino Ramon Lovera, 63 years old, 25 of them spent in exile, who returned to Paraguay in 1983 but remains under constant watch by at least one

motorcycle policeman. "It's not so much that we want support against the regime, but rather that they at least let the country head toward democracy," warns Ricardo Canese, an engineer who has spent 7 of his 35 years in exile.

This is a crucial question for the Paraguayan opposition. For years, Brazil has been accused of backing Stroessner's dictatorship in the name of economic and geopolitical interests. More than that, the New Republic is accused of maintaining the same policy of complicity as the previous military governments, while other renewed democracies such as Argentina, Uruguay, and Peru turn their backs on Stroessner. In fact, Ambassador Mello Matos was named by Figueiredo and appears in a report from the Brazilian Amnesty Committee, according to lawyer Eny Raymundo Pereira, as having been involved in torture. Some employees of the embassy in Asuncion make no attempt to hide the general's past. And no doubt Brazil has solid and obvious interests in Paraguay, which strengthen the pragmatism of its diplomacy and the tradition of not becoming involved in the internal affairs of other countries. An advisor in Brasilia's Planalto Palace argues: "Uruguayans share no physical border with Paraguay; the Argentines did not build Itaipu, a 16 billion dollar undertaking; nor does the United States have 500,000 Americans living in Paraguay like the 500,000 Brazilians who live there." A source in Itamaraty concludes: "Like all treaties that affect national security, the Itaipu treaty was exhaustively studied and negotiated. Brazil would not put its signature on any treaty that was not absolutely favorable to its interests."

The Itaipu treaty is more than absolutely favorable, states the Paraguayan opposition, which has as its goal precisely the revision of those treaties, when and if it gets to power. "Paraguay is obligated to sell its excess energy to Brazil, even if a third nation offers more favorable prices," declares Waldino Lovera. "Moreover, the price for the excess energy is ridiculous and it has been determined that it will not be readjusted until the year 2023. This is an attack on our sovereignty." Since he was not as concerned with sovereignty as with dollars and power, Stroessner is thought to have given in to Brazilian interests in exchange for political and economic backing. "Nothing changed with the New Republic when there was a revision of the treaties during the Sarney government," recalls engineer Canese, forced to go into exile in 1973 precisely because he opposed the Itaipu agreement. He explains: "Paraguay's excess energy was fixed at 300 dollars per kilowatt-hour, above and beyond the cost, in accord with the cost of the construction work. But, since the initial cost estimate of 2 billion dollars for Itaipu ended up jumping to 16 billion because so many people--both Paraguayans and Brazilians--stole, there was the need to revise the treaty. Logically, the 300 dollars should have been multiplied by a factor of 8--a jump equal to that taken by the cost of construction. But no, the Brazilian government only permitted a multiplication by a factor of 3.5."

So, the forecast is that there will be more money in the future for the regime's henchmen and less possibility of Brazilian pressure on Paraguay to move back toward democracy. In the last few years, moreover, the government has gone out of its way in creative and imaginative moves to acquire dollars abroad. When the "easy street" of Itaipu came to an end and, as broadcaster Rubin says, people "were faced with having to earn their living honestly," Stroessner and his aids tried to create grandiose needs for Paraguay, such as airports, telephone exchanges and cement factories with capacities far higher than the market called for---and therefore ended up many millions of dollars short. "Altogether, almost 10 construction projects were planned at a total cost of 1.1 billion dollars," says Canese. "Imagine that one of them, the Chaco telephone exchange, exploited by one of Stroessner's sons, includes 960 telephone conduits which can serve 50,000 telephones. Well, just 60,000 people live in that region." Another project, an airport in the city of Presidente Stroessner on the border with Brazil, will cost 110 million dollars to accomodate just one flight per week. Financing is being sought in Brazil, France and Japan. The United States and many international banks are not lending another cent to Stroessner. But since the generalissimo has excellent relations with Formosa, the government has found a formula for getting dollars at retail: In the coming days, it will give 5,000 Chinese entrance visas into the country, charging 5,000 dollars from each one as an "immigration tax." All told, the employees involved in this operation are going to collect 25 million dollars.

It cannot be said that the megalomania dictated by the need to bring in resources from abroad is something new in Paraguay. Acepar, a large iron and steelworks plant which should have been ready 7 years ago and which cost a mere 400 million dollars, is about to be inaugurated. "The country's need for steel runs around 25,000 to 30,000 tons per year," says 48-year-old engineer Carlos Romero Arza who is very moderately opposed to the regime and is thought to be the civilian preferred by the United States to replace Stroessner. "Well, Acepar is going to produce between 130,000 and 140,000 tons per year, at a cost three times higher than international market prices. In other words, this project is still-born." If it goes on line, Acepar, which was built with financing and technology furnished by Brazil, will cause Paraguay an annual loss of 47 million dollars. Zucolillo states: "That is an insult to the Paraguayan people, I don't know whether or not with Brazilian incentive. I also don't know if Acepar will make steel, but it has already made many military men millionaires."

Letting people get rich illegally was always a good way for Stroessner to buy support and loyalty. The accusations of drug trafficking, smuggling and car thefts involving members of his government are innumerable. So are accusations of corruption. By this method the old dictator managed to set up a wall of security and complicity around himself which prevented a more courageous or more organized opposition from arising. Romero Arza, one of the most likely civil candidates of the opposition if there should be a political transition in Paraguay, is a member and employee of the government in spite of being a millionaire, and has a certain admiration for Stroessner in

spite of opposing the regime. "He is the founder of the modern state in Paraguay," states the engineer. "We have to recognize Stroessner's value and the importance of all these years of peace and development." It was not by chance that it was Romero Arza's father, Tomas Romero, who in 1954 opened the door for Stroessner's rise to power in a coup d'etat that he prefers to call an "indispensable civic-military pact to put an end to the anarchy which the country was experiencing." Today, Romero Arza thinks that the economic crisis and excessive corruption have made a new term for Stroessner unviable. An even less viable candidate is Stroessner's son, Colonel-Aviator Gustavo Adolfo, 47 years old, whom some sectors of the Colorado Party in power want to see as president. Romero Arza states: "Pure gangsterism is connected to the candidacy of the president's son."

Family ties also serve to consolidate the regime and control economic power. Stroessner's youngest son, Hugo Alfredo, or "Alfredito," married Martha, the daughter of General Andres Rodriguez. Besides being the commander of the country's strongest military garrison, Rodriguez, who lives in a replica of a French castle that he had built in Asuncion, is named in trials in the United States as a drug traffic kingpin in Paraguay. The generalissimo's daughter, Graciela, was married to entrepreneur Humberto Rodriguez Dibb, by whom she had three children and whom she divorced almost 10 years ago. Now she is married to banker Manuel Gonzalez Llamas. In a certain way, everyone is looking for a solution for the regime which will get rid of Stroessner even if it is by way of old age and probable death, but keep the family and the leading personnel of the Colorado Party in power.

Romero Arza, for example, admits that he was in the United States telling Eliot Abrams, President Reagan's undersecretary for Latin American affairs, about the situation in Paraguay. Abrams was quite impressed with the opposition parties but not with the differences of opinion in the Colorado Party, to which the engineer belongs. Romero Arza states: "He thought that the Colorado Party did not have capable people. So I tried to show him that there really are many honest and decent people, capable of forming a good administration." Questioned about whether he might be a candidate to succeed Stroessner, the engineer recalled former ARENA politicians in the era when the governors of Brazil were named. "I don't feel like I'm in any condition to run," he says. "But I am a party man and I will give the best that I can so that there will be peaceful transition and changes."

There are more and more people in Paraguay who think that the transition may not be peaceful, because the opposition is disorganized, protest demonstrations and violence in the streets are increasing, and the old regime insists on staying on, just switching the names in power. The opposition insists that this should worry Brazil. "The regime is sick. I don't know what the diplomats at Itamaraty can be thinking of if they can't see that," states Waldino Lovera, from MOPOCO. "And, precisely because it has many interest in Paraguay, Brazil should worry about the peacefulness of the transition. The longer it waits, the closer we will be to a violent explosion and to radical and unpredictable changes."

PARAGUAY

ZUCOLILLO ON STROESSNER'S SUCCESSION, CORRUPTION, OTHER ISSUES

Sao Paulo ISTOE in Portuguese 9 Jul 86 pp 76-77

[Interview with Aldo Zucolillo in Asuncion, date not specified]

[Text] Aldo Zucolillo, 56 years old, an entrepreneur and a journalist, is now one of the symbols of resistance and opposition to Alfredo Stroessner's dictatorship in Paraguay. Two years ago, the daily newspaper that he owned, ABC COLOR, was closed by Stroessner because it had unleashed a campaign against corruption in government. In spite of that, Zucolillo goes to the ABC COLOR office in downtown Asuncion every day as if the newspaper were still publishing. He maintains a skeleton team of journalists to cover the most important events and he files reports--he keeps the historical record, as he says. But, like everything in Paraguay, Zucolillo is also a contradictory symbol, sometimes delirious in analyzing the reality of his country, and at the very least naive when dealing with topics such as corruption. He does not hide family ties or political affinities with the dictatorship that silenced his voice. His brother-in-law, Conrado Pappalardo, is Stroessner's chief of protocol and is considered to be the nation's most important civilian. Zucolillo admires Stroessner and sometimes seems as conservative as the generalissimo or even more so. Some of his ideas were aired in an interview with ISTOE in Asuncion.

[ISTOE] What prospects do you see for Paraguay now?

[Zucolillo] What we're dealing with here is a race of intelligence against time. The communists are analyzing everything to see how they can convince the masses to follow them--here as well as in Brazil.

[ISTOE] But there is not even an organized communist party here...

[Zucolillo] That's what you and I think. If there is something which I respect in the communists, it's their intelligence. The communists are in key positions in Stroessner's government. In Paraguay it is enough to wave a red Colorado Party handkerchief and shout "Long live Stroessner!" to get into the government. The communists are masters of political marketing. For them, the revolution of Fidel Castro and even that of the Sandinists are passe. They are analyzing the social problems and don't need to make much of an effort to profit from this situation. Look at your own Brazil with the problem of land reform. How many aren't willing to follow anyone who promises to distribute lands?

[ISTOE] Whether the work of communists or not, there is talk that in Paraguay there may be a violent explosion.

[Zucolillo] There may be a bloody revolution because Stroessner refuses to abandon power. And that puts even Brazil's security in jeopardy. For that reason, not a single shot will be fired here without Brazil's having prior knowledge of it. Now, the results of revolutions are unpredictable. We have revolutions even in the bosom of the Catholic Church. Brazil has serious political and economic problems and won't remain calm having a Surinam 1,000 kilometers from Sao Paulo. As I said, revolutions are unpredictable. Not even the United States, with all they spend on espionage, was able to foresee what was going to happen in Nicaragua. So just imagine us here in Paraguay.

[ISTOE] You have said that the situation here will not change if there is no external pressure. What is Brazil's role in this question?

[Zucolillo] President Jose Sarney is caught in a delicate conflict between his democratic spirit and his patriotism. Brazil's interests in Paraguay advise keeping Stroessner in power. There is a secret pact by which Brazil backs Stroessner as long as the latter does not try to change the financial arrangements in the Itaipu treaty (see previous article.) The most important thing is Itaipu and its 4 to 5 billion dollars in energy per year. Now look, we are in the path of Brazil's plans for geopolitical penetration. Brazil is a country that has everything it takes to be a world leader. Brazilian leaders must have pretensions at world-wide hegemony. If they don't, they should be considered traitors to their country. And our country is at the center of this underground geopolitical war. Step by step, Brazil's aim of penetrating to the Pacific has been accomplished, from building the Friendship Bridge to the opening of the Eastern Highway which links Asuncion to the Brazilian border.

[ISTOE] How do you see that?

[Zucolillo] Fortunately, Brazil's plans for penetration coincide with Paraguay's desires for development. This highway to the east, for example, is extremely important, because there we produce a lot of things that need an outlet. It is clear that it also interests Brazil, as do other things. And that is Sarney's dilemma, democracy or patriotism. I admire Brazilians for their patriotism. I am certain that under the shirt of a Brazilian totalitarian or a democrat, a liberal or a communist, you would always find a green and yellow under-shirt.

[ISTOE] How do you think Stroessner will manage the present crisis?

[Zucolillo] People say that Stroessner is more vain than he is intelligent. I say that he is more intelligent. He's going to pull off a master coup, refusing to run for president again and putting a civilian puppet in his place. He will keep the command of the armed forces, which is who rules in fact. He isn't dumb. Several years ago, he was right in his element at a meeting of presidents, with Jorge Videla, Augusto Pinochet, Emilio Medici, and other generals. It

looked like a meeting of the high command preparing to invade Brazil. Now he realizes that he has no role to play in a meeting of presidents when Sarney, Raul Alfonsin, Julio Sanguinetti, and Alan Garcia are present. So he will prefer a civilian figurehead while maintaining power through the armed forces.

[ISTOE] But the opposition says that Stroessner, at 73 years of age, is not in good health.

[Zucolillo] That's what they wish. He is lucid and as healthy as a horse. He doesn't even sneeze. He is a very careful farmer. At someone gives him a glass of whisky at a party, he walks around with it in his hand all night. Stroessner has half a dozen young girlfriends that you and I would envy.

[ISTOE] You seem to have a certain admiration for him, in spite of everything...

[Zucolillo] I do admire him. It would be unfair if I only found fault with Stroessner. He has good qualities, he is hard-working and we won't have another president like him anytime soon. That's true, we will be the only ones who recognize that fact when he is gone. The people in power today will talk badly about him, but we will defend him. He hasn't spent money on arms; he has built projects. It's quite true that they have stolen half the money. But at least some thing got done. Look at the highway that crosses the Chaco, a major transportation route from Brazil that goes to the gas wells of Bolivia. It was going to cost a few million dollars. It ended up costing 12 or 13 million dollars because civilians and military men stole so much. Now, if we needed to build it today, how much would we spend? 20 million dollars? So, in spite of everything, the country came out ahead. At this point, I remember a conversation many years ago with a taxi driver in Sao Paulo, talking about Adhemar de Barros. "A big thief," said the taxi driver. "Well now, he does steal, but he gets things done."

[ISTOE] At any rate it is corruption. The highway could have cost less.

[Zucolillo] That's where the human condition comes in. Many governments know how to manipulate so well. When he talks to his pillars of support, he must say: "If I don't let them steal, they won't do anything." And, in a way, it's the price of peace. We understand. It's a price, since it is a limited corruption and is punished when it is discovered. The problem is that here corruption was encouraged and is pervasive. We are all corrupt. There is no business that can survive without getting into influence peddling, wheeling and dealing with the government. This is the major fault that I find with Stroessner. He has corrupted the Paraguayan people by forcing them to live off corruption.

[ISTOE] Even so, you admire him. And he is still a dictator.

[Zucolillo] Stroessner isn't just a dictator. He is a man. The great Somoza wasn't even worthy of polishing Stroessner's shoes.

PERU

INCREASED TRADE WITH JAPAN SOUGHT: FIGURES GIVEN

Lima EL COMERCIO in Spanish 6 Jul 86 p F-2

[Text] The vice minister of commerce and president of the board of directors of the FOPEX, Pedro Menendez Richter, has made a trip to Tokyo as the special guest of the JETRO, the Japanese government organization in for foreign trade, to study possibilities of increasing nontraditional exports to Japan.

Menendez will also obtain information about the activities of the Japanese government in connection with businesses of small and medium size.

The trade balance between the two countries has, historically, over a number of years, favored Peru, and the most important category therein is minerals.

Peru continues to be the leading supplier of lead to Japan, followed by Australia and Canada. It is the second most important supplier of zinc ore, ranking below Australia and above Canada, and it is the third largest supplier, after Zambia and Philippines, of copper and copper alloys.

In recent years, exports of nontraditional products such as crustaceans and mollusks have been increasing. The totals were up 183.4 percent between 1984 and 1985. Exports of giant corn from Cuzco were up 108 percent, and fruits and vegetables 488 percent.

It is of interest that in the same period, exports of textiles such as wool and fabric to Japan increased 34.9 percent, and cotton garments, 352 percent.

The vice minister will head a seminar organized by JETRO's American division to examine various aspects of Peru's economy and international trade.

Finally, he will have interviews with the director of the Central and South American bureau of the Ministry of Foreign Affairs, the general director of the economic cooperation department of the Ministry of International Trade and Industry, the president of JETRO, the executive director of the Japan Consulting Institute, and high officials at the agency dealing with businesses of small and average size in Japan.

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PERU

NEW HYDROCARBON LAW BEING DRAFTED

Lima EL COMERCIO in Spanish 8 Jul 86 p A-5

[Text] The executive branch, in coordination with the APRA parliamentary cell, is working on a draft of the General Hydrocarbons Law to be submitted and debated during the next regular legislative session. This announcement was made by Deputy Jose Carrasco Tavera, president of the Hydrocarbons Commission in the Chamber.

He said that the primary goal of the law, in its political aspect, is to ensure the management of the exploration and exploitation of hydrocarbons by the state through PETROPERU.

Nationalist Orientation

"We are trying to pursue an eminently nationalist line in the new law," he said.

He recalled that the situation in the oil sector has altered substantially.

"Earlier it was the oil companies who sought out the national governments, while now the states are seeking out the companies," he said.

He also indicated that there is great competition now, especially with the neighboring countries.

He mentioned Colombia and Ecuador in particular, where he said a "rather liberal legal situation exists, due to the policies established by these countries, which allow capital to come in more speedily."

He said that the main problem this government has encountered is precisely the lack of state resources to carry forward an ambitious program of oil exploration and exploitation.

Prospecting Work

Carrasco Tavera said that despite the major difficulties which have been encountered in this sector, such as the drop in the oil price which will lead to less income for PETROPERU, prospecting work has not slowed down.

"In the department of Piura, prospecting efforts are being expanded, especially in Sullana, where work is being done to establish the potential of the zone," he said.

He explained that this is being pursued because the oil in this zone "is not so heavy and offers greater advantages, since it is a light crude oil from which many byproducts can be obtained."

He said that currently it is more advantageous economically to undertake prospecting work in this zone rather than in the jungle, where, he said, the oil "is a heavy crude."

"The work has not been stopped but is continuing on schedule," he further said.

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PERU

WEATHER, CROP FORECASTING PLANS ANNOUNCED

Lima EL COMERCIO in Spanish 8 Jul 86 p A-9

[Text] At the end of this month, the first seasonal farm weather forecast of a scientific sort will be announced. It will make it possible for the Ministry of Agriculture to plan the sowing of various farm crops.

Until now, such forecasts have been very rough estimates, because they were based solely on statistical data. Now, on the other hand, physical, atmospheric, hydrological and oceanographic analyses will be taken into account.

This announcement was made yesterday by Engineer Walter Sanchez, the technical director for evaluating farm weather impact at the Statistics Office of the Ministry of Agriculture. He admitted that where farm weather forecasting is concerned, a drifting course has been pursued to date.

He also said that in the coming 1986-1987 season, which begins in August, forecasts will also be made as to crop volumes, unlike the past, when only qualitative estimates were made. Predictions said, for example, that the harvest would be normal, small or abundant, but no figures were given.

"This is of extreme importance to the country, because it will make it possible for the Ministry of Agriculture to take the steps necessary in the cases in which deficits are seen, or in which an overabundance of a given product is imminent," he said.

He explained that all of this is a part of a program called "Farm Weather Impact Evaluation," which is being implemented jointly by the Ministry of Agriculture and the National Meteorological and Hydrographic Service (SENAMEHI).

He said that in pursuing the program, use will be made of an information-gathering and processing system to which telex, radio, telephone, printed copies, the data-processing network and the sectorial infrastructure of 100 meteorological stations, the SENAMEHI and CORPAC will contribute.

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PERU

BRIEFS

SALES TO JAPAN--Our country may sell goods worth some \$80 million to the Japanese during the balance of this year, according to an estimate by Vice Minister of Commerce Pedro Menendez. In fact, the revaluation of the yen provides a propitious moment for an increase. In addition, Prime Minister Nakasone has put a more open market policy, which will be very beneficial to us, into effect. [Text] [Lima EL COMERCIO in Spanish 6 Jul 86 p F-3] 5157

COAL TO SOUTH KOREA--The MINPECO has just negotiated the sale of 69,000 metric tons of anthracite coal to South Korea in a contract signed with the South Korean Sunkyoung Limited firm. This amount will be shipped from Chimbote this year. According to the MINPECO, this agreement represents a contribution to the development and expansion of the our domestic coal industry, and also to the better utilization of the natural resources of the country. [Text] [Lima EL COMERCIO in Spanish 6 Jul 86 p F-3] 5157

AGROINDUSTRIAL AGREEMENT WITH DENMARK--Peruvian and Danish investors will establish mixed enterprises, giving preference to the agroindustrial sector, on the basis of an agreement signed by the COFIDE and the Danish government's Industries Fund for the Developing Countries. This was announced by Sven Riskaer, director of that fund, who arrived in Lima yesterday. He said that there is great interest in Denmark in cooperating with the Peruvian agricultural sector through the establishment of enterprises which can produce and export farm products. [Text] [Lima EL COMERCIO in Spanish 8 Jul 86 p A-9] 5157

RABBIT MEAT, FUR EXPORTS--Arequipa, 7 July--Rabbit meat and skins from Castilla are to be exported to several European countries and Japan. This represents a step forward in the production of small animals for the purpose of augmenting nontraditional exports based on the interest shown by young local and capital businessmen, who have established an enterprise with capital in excess of 2 million intis. The industrial raising of rabbits in Castilla will be carried out on farms characterized by high technology. The effort will be oriented mainly toward obtaining high quality skins, the greater part of which will be processed for use as material in the making of hats. [Text] [Lima EL COMERCIO in Spanish 8 Jul 86 p A-1] 5157

PLANETARIUM GETS TELESCOPE--Better observation of heavenly phenomena will be possible for Peruvian astronomers and the public in general thanks to a modern

telescope which is shortly to be installed at the Morro Solar Planetarium. This instrument, described as the largest and most powerful of its kind in Latin America, was donated by the American Astronomical League. It will be installed in the cupola being added adjacent to the planetarium by the Peruvian Astronomy Association. Engineer Gustavo Estremadoyro, president of that scientific body, says that the telescope will make it possible for Peruvians to observe the stars in all their magnitude. Students from the various institutions and universities in the country, of whom an average of 25,000 visit the Morro Solar Planetarium every year, will be able to make use of this advance in astronomy, as well as the entire scientific infrastructure installed there, which is regarded as one of the most advanced units on this part of the continent. Both the building and the installation of the telescope will be completed by September at the latest, Estremadoyro added. On the other hand, he said that the interest of Peruvian students in astronomical phenomena is increasing steadily. Just yesterday, a large group of students from the Daniel Alcides Carrion University in Cerro de Pasco, La Cantuta University and the Jose Maria Arguedas Secondary School in Chosica attended theoretical and practical classes at the planetarium. [Text] [Lima EL COMERCIO in Spanish 7 Jul 86 p A-11] 5157

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VENEZUELA

EXPERTS ANALYZE OIL PRICE, ECONOMIC CRISIS

Caracas EL NACIONAL in Spanish 29 Jun 86 p D-9

[Article by Evaristo Marin]

[Text] Anaco, Anzoategui--Speakers and other participants in the forum titled "The Impact of Petroleum on the Economic Crisis," organized here by the Anaco Chamber of Commerce and the Regional Studies Foundation (FER), agreed that oil prices do have some influence, but are not the only or principal cause of the crisis. "With high or low prices, we will still be an underdeveloped country with no clearly defined strategy for the future," argued Deputy Leonardo Montiel Ortega.

Speakers and local political and economic leaders, headed by the president of the Chamber of Commerce, Evangelina de Reyes, participated in this event at the Chamber of Commerce headquarters and asked many questions about the country's situation and its immediate prospects.

"With forums and discussions like this," said Prof Hilda Centeno at the opening ceremonies, "the Regional Studies Foundation, Anzoategui Chapter, is trying to encourage the people to participate actively in the debate on the problems that affect them directly. The fact that this is an oil region is enough to make this gathering an important one."

For more than an hour and a half, those gathered in Anaco discussed the economic crisis and the outlook for petroleum. Guest speakers included the chairman of the Senate Committee on Energy and Mines, Dr Valmore Acevedo Amaya, Deputies Montiel Ortega and Miguel Henrique Otero Castillo, and the president of the Chamber of Petroleum, Edgar Romero Navas.

Dr Rafael Tudela, also a member of Parliament and an oil export, declined an invitation to attend because the event coincided with a trip abroad he was planning.

Despite the preponderance of opposition members among the speakers, it was also agreed that "the current problem, which has been caused by the crisis and has been influenced to a greater or lesser extent by the drop in oil prices," is not just a problem of the current administration; it is a problem of the entire country. There was very strong criticism of the exchange policy,

however. Sen Acevedo Amaya termed it more fiscalist than monetarist. The Social Christian senator stressed that using the resources of Venezuelan Petroleum, Inc. (PDVSA) to make up for the government budget deficits is draining the oil company's reserves to critical levels, and could lead to its collapse if this policy of President Jaime Lusinchi's government is not changed. Another major target of criticism is the fertilizer subsidy. "To meet the government's objectives in this regard, the Petrochemical Company of Venezuela (PEQUIVEN) lost 915 million bolivares in 1985, and its losses will climb to 1.4 billion bolivares this year."

Deputy Miguel Henrique Otero, in his initial speech and in responding to questions by forum participants, was very emphatic in calling for "the modernization of the state and of the political leadership, because we will never emerge from the current crisis if the same old development models that have so far been an unmitigated failure continue to be followed."

Leonardo Montiel Ortega

"Not only was what happened to oil prices predictable, but now what is going to happen to the oil market is also predictable. This does not mean that these projections will be confirmed by the government, because the government is anticyclical and is always trying to stretch things further than they will go," asserted the oil analyst and independent deputy who was elected on the COPEI slate.

According to Montiel Ortega, the problem was not that oil prices fell. Something much simpler happened: As the cycle of the artificial prices agreed upon by OPEC went into a slump, the explosion of these prices constituted a downturn. "But actually," he said, "that is not the problem. The economic crisis in Venezuela has very clear origins: growth without development. Venezuela is like the cripple with one crutch: If he loses his crutch, he falls down. Why not think of curing him of his limp and teaching him to walk on his own two legs? Underdevelopment is like that, and it means backwardness, social disorganization, an unfair distribution of income, and above all inaccurate and improvised planning."

"In petroleum alone, taking into account proven reserves, we have 50 billion barrels, excluding gas. Here in this region, in Anaco, we have one of the most fantastic gas deposits in the world. We have \$500 billion in proven reserves of petroleum, and what Venezuela owes amounts to less than 4 percent of this proven reserve. I am calculating on the basis of prices of \$10 for a barrel of oil. I am not even talking about the Orinoco Belt, where there are reserves of heavy and extra-heavy crude that are richer than anything in the Middle East. The entire Sahara does not have what we have in heavy and extra-heavy crude right near here, on the northern shores of the Orinoco.

"We have growth without development because the gross domestic product is growing, while 90 percent of Venezuelans still do not have their heads above water. In other words, they are below the poverty line. A country cannot emerge from underdevelopment without eliminating the primary cause, poverty."

Edgar Romero Nava (Chamber of Petroleum)

He criticized primarily the government's failure to allow the private economic sector "to participate, even in a secondary role, in the production and marketing of certain petroleum derivatives."

"Our chamber has been advocating that we be given this opportunity, with all assurances that this would be very positive for the growth of the oil industry and of the entire country."

Valmore Acevedo Amaya

Within the context of the theme of the forum, "The Impact of Petroleum on the Economic Crisis," the Tachira senator and national leader mentioned the current National Budget, stating that it was calculated on the basis of a price of \$28 per barrel. That is, oil revenues were estimated at \$12.5 billion.

"If these revenues are actually much lower, with an average price of \$12 to \$13 per barrel," said Acevedo Amaya, "and if our production remains at 1.4 million barrels per day, our revenues would total approximately \$6 billion on annual exports. This, naturally, yields a deficit, which will certainly be much worse in 1987 if they overestimate our oil export earnings once again."

"The government is using certain mechanisms to prevent anyone from becoming aware of these errors in the national budget, by drawing down the foreign reserves of the oil industry, by selling bonds, and by using PDVSA's trust funds. This has drained PDVSA's liquid reserves to a critical level of \$5 billion. Another factor it has used is purchasing petrodollars at 7.50 bolivares from the oil company, and then reselling them on the free market through the Central Bank, to the evident detriment of the oil industry. In other words, the government is making an exclusively fiscal use of the dollar to try to recover its earnings, to try to at least partially cover its budget deficits. Moreover, it is creating the appearance that some state enterprises such as the Orinoco Iron and Steelworks (SIDOR) and Caroni Aluminum, Inc. (ALCASA) are making a profit, when such is not the case. Their earnings have increased not because of their operations or because of industrial production per se, but rather because of the marketing of the dollars they obtain abroad, sometimes even at the expense of the availability of supplies to the domestic market. It is clear, therefore, that these profits are from exchange, not productivity or an increase in industrial operations, which would be very promising for the country."

"All this amounts to a manipulation which is functioning very well this year, 1986, but which will encounter many difficulties next year. The PDVSA reserves are already running out and are fully committed, and moreover, we cannot continue with an exclusively fiscal appetite. To make matters worse, the Finance Ministry, by selling public indebtedness bonds, has committed part of the operating reserves which the petroleum industry will need in general."

"The current economic crisis, which tends to be linked excessively to the oil crisis, has a corollary which I believe is very fundamental: If oil prices go

up, the economic crisis is not going to disappear as if by magic. The decline in oil prices was not the only ill that beset the country, and therefore our assertion is that the true roots of the economic crisis should be found and the problem of petroleum, and therefore of the petroleum industry as well, must be placed within a much more dynamic relationship in the current economic structure of Venezuela.

"Returning to the model of development of Venezuelan democracy, something that is worth emphasizing, we find that it is an economic model that tends to run out of steam, because it is the traditional model of import substitution and developing nontraditional exports. This model is based on pure economic growth, but it has resulted in substantial growth in the marginal sectors. It has maintained a situation of unemployment and a persistent trend toward stagnation. Furthermore, this model depends on convulsive public spending and on the development of sectors such as construction that depend directly on the effects of that public spending.

"I believe, therefore, that if we do not look at the economic situation in this context, we will fall into a kind of trap in which the expected increase in oil prices will continue to be viewed as the only solution to our economic problems. I think, consequently, that to arrive at a solution, in terms of the economic model and the petroleum model, etc., we must undertake a series of analyses with different objectives from those that have traditionally been established. This implies, in the long run, the destruction of the industrial base and the economic infrastructure, which is based primarily on government spending and not on the collectivization of the country's economy."

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VENEZUELA

CONGRESSMAN PACIANO PADRON DENOUNCES MILK CONTRABAND

Caracas EL NACIONAL in Spanish 29 Jun 86 p D-12

[Article by Jorge Medina Lugo]

[Text] Maracay, 28 June--According to Deputy Paciano Padron, milk intended for the poor is smuggled not only to Colombia, but also to the Caribbean (Aruba, Curacao, Trinidad and Tobago). "We have already shown how in Cucuta," said Padron, "they sell tons of Venezuelan milk every day. We have in our possession evidence which we are presenting in notarized form to the appropriate authorities to prove that this milk is being sold in Colombian cities."

Padron believes that the important thing is not to show that irregularities exist, but to punish those responsible for this reprehensible act, on the one hand, and to create, on the other hand, a new mechanism for distributing the milk to prevent corruption. Canned milk is now turning up in new states such as Aragua and Monagas.

"I think that the milk for the poor is not reaching the sectors that are most socially deprived, and it is serving as a source of undue enrichment for those who turn milk for poor children into "vaca mocha" cheese. The same goes for those who make fabulous profits selling our milk, which receives a direct subsidy of 26 bolivares per kilo, on foreign markets," he added.

With regard to some statements made by the president of INDULAC which were recently published in this newspaper, the chairman of the Accounting Committee of the Lower House indicated that Francisco Lander is irresponsible in claiming now that there are no irregularities in the marketing of the milk intended for the poor. He himself, as president of INDULAC, the Venezuelan state enterprise that processes this product, stated last May that there were so many irregularities that the program might collapse.

Padron also indicated that the president of INDULAC has said recently that the grave of milk jugs along the highway from Barinas to Barinitas had been fabricated by COPEI and people from other opposition parties.

"Later I ordered a first-hand inspection by the judge in Barinitas, and last week I went to that state to hear her report."

He explained that the judge recounted having seen innumerable empty cans, all opened in the same way, all bearing the same code letters, and all contained in boxes with the same identification number on the cans. This proves that they could not have been picked up at a garbage dump to be thrown in the same place.

"It is good for Dr Lander to know," stated Padron, "that the judge who made this personal inspection is a member of Democratic Action (AD), as is the district prefect who signed the report. Moreover, the fire chief, who in addition to signing the report also had to go out with his men to gather empty cans as evidence, is an AD member, and the councilman who signed the report as a witness also belongs to AD."

"When I say that the horse is white, it is because I have samples of his hair in my hand. Dr Lander, who until now has behaved seriously if not always efficiently as head of INDULAC, should not lie as he has recently done," concluded Padron.

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VENEZUELA

COMMENTARY VIEWS AD'S INTERNAL STRUGGLE

Caracas EL DIARIO DE CARACAS in Spanish 30 Jun 86 p 16

[Commentary by Jeromin]

[Text] I don't know if it is because of the congressional recess or because leaders are tired, but politicians are leaning towards the idea of a truce. We should not be deluded, however, because many problems have yet to be solved, and the silent and implacable internal struggle among the presidential candidates has not ended. There are signs of an armistice, but people are still armed in spirit. The competition for the candidacy is growing increasingly passionate and vehement in the ruling party, where attacks are being planned against Carlos Andres Perez because his star is rising. Humberto Celli came out against reelection once again, but this time he did it mildly, as if hedging his bets. There are also doubts and reservations among the supporters of Lepage and those of Leandro Mora, who are waiting for an official benediction that is not forthcoming. Gocho, meanwhile, continues to advance inside and outside the party. Lepage is having problems getting off the ground as a candidate. It is not a matter of plucking the petals off the daisy, but rather of counting votes in the electoral colleges, which are almost all controlled by Manuelito. Lepage does not want to leave Carmelitas, but Lusinchí thinks he ought to go out into the streets to fight for the candidacy.

Octavio would like to engage in politics full-time, but from his office, using the provincial governors as campaign agents.

Dr Leandro Mora is more concerned about his rivalry with Lepage than about Carlos Andres' treks. The president of the Congress expects not only an endorsement from Gonzalo Barrios, but also the support of Penalver and the labor union office. All of this maneuvering amounts to a heated truce. The same thing is happening among the greens, with Caldera pulling his strings while Eduardo marshals the support of nearly all the locals. Pedro Pablo and Oswaldo are jockeying to get Don Rafa to castigate Fernandez, but the latter is still in good standing in the party and is leading in the polls, far ahead of Aguilar and Alvarez Paz.

The armed truce is evident in all areas, but the most restless spirits can be found in the business sector. There is a plot afoot to remove Garmendia as president of the management association, and the idea is to put in someone like El Negro Vina who will stay in line with the government and neutralize all the captains of industry who disagree with the economic line of Azpurua,

Ciliberto, Hurtado, Lauria and Losada. FEDECAMARAS would be another bastion in the hands of the voracious government party, whose secretary general is also planning to take over the leadership of the Sons of Mary and the presidency of the Society of the Divine Redeemer. In this way, ADers are taking advantage of the truce not only to silence the country, but also to control us all.

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